

Sustaining A Life Well Travelled



Message from the Chief Executive

At Cathay Pacific, we believe that travelling well is an important part of living well. As we continually strive to enhance the overall travel experience, an important element is to ensure that this experience can be sustained over time. That is why we are committed to sustainable development. We intend to stay ambitious with our approach to embed the value and practice of sustainability into how we exist and engage, in order to achieve our goal of a sustainable future for generations to come.



"We are committed to sustainable development as it is the right thing to do for our planet, people and communities. We are in it for the long term in order for our business to be successful and sustainable."

Ivan Chu
Chief Executive

Looking towards the long term, we have continued to invest in modern, more fuel efficient aircraft, serve new destinations, upgrade our products, expand our team, develop our staff and improve our service. Hence, we were very proud and honoured to win the Skytrax Airline of the Year for the fourth time. The results were based on votes from the travelling public, and this recognition was especially encouraging to us.

Fuel remained the Group's most significant cost. We benefited from lower fuel costs in the fourth quarter; however our strategy is to reduce our CO₂ footprint, meet our Carbon Neutral Growth (CNG) 2020 goals, and ensure supply for the business over the longer term. The announcement of our investment in Fulcrum BioEnergy Inc., a waste-to-energy developer based in the United States aimed at replicating waste-to-jet fuel technology, reflects the first major step of that commitment.



Internationally, we have been busy working with ICAO, other regulatory bodies, airlines and NGOs to design a global market-based measure for CO₂ emissions reduction to come into force from 2020. This will be a game changer for carriers because it will place a monetary value on CO₂ emissions – and we will have to pay for our growth post-2020. Cathay Pacific is actively involved in these international conversations to ensure the resultant global offset mechanism is fair, equitable and avoids competitive distortion, and have been calling on governments to establish such a scheme since 2008.

We have been collaborating and innovating in different areas of our business with many more partners, be it other companies, NGOs or in the communities. Some highlights include ensuring the safety of our flights, managing inflight meal wastage, attaining green building certification for our Paris Charles De Gaulle airport lounge, and reviewing ways to make our flights even more efficient through a cross-functional working group.

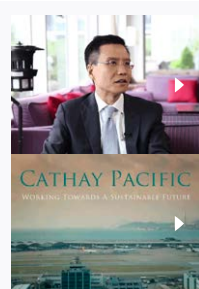
You will find many of these stories in the videos told by our own staff who made them happen, as well as the latest updates in each of the sections. They are excellent examples of how everyone in the company is playing their part in contributing to a viable business that delivers value for the future. Our team will continue to work hard to ensure a life well travelled for now and generations to come.

Ivan Chu

Chief Executive



Want to find out more? Go to our video on the right.



Ivan Chu, Chief Executive, talks about the latest Sustainable Development Report in this video.

Our video, **Working Towards a Sustainable Future**, highlights what Cathay Pacific is doing to make aviation more sustainable.



Sustaining a Life Well Travelled

An Introduction to the Cathay Pacific Sustainable Development Report 2014

At Cathay Pacific, we have always talked about the journey of sustainable development. But it is also an evolution as our strategy develops and matures. Whichever stage we are at, we stay ambitious with our approach to embed the value and practice of sustainability into how we exist, engage and evolve to achieve our collective goal of a sustainable future for generations to come.

We have a deeply-founded philosophy that life should be lived well. This means helping everyone we touch to pursue a truly fulfilling existence and to ensure future generations have the opportunity to do the same. We know this is not something we can achieve by ourselves. Our collective success is dependent on collaborative relationships, cultivating shared value to address material issues through sustainable development.

We are extremely proud of what our team has achieved as we were voted as the Airline of the Year for the fourth time. That is not to say we are resting on our laurels or are satisfied by current achievements. It remains our vision to strive to be the best airline in the world.

We have been engaging across internal functions and external partners to find innovative solutions to deal with increasingly complex sustainability issues. In this report, we continue to tell these stories, which we hope to inspire step-change level thinking. We also continue to monitor our progress and performance on our 20/20 commitments.



"I am very proud of the work done by my team at Cathay Pacific – and that team includes innovators from purchasing to product to IT to flight operations."

John Slosar
Chairman



Approach to Sustainable Development

Our Journey to Sustainable Development

Cathay Pacific has been enabling our customers to travel well for seven decades. We want to be able to sustain our ability to provide such premium services for years to come. This means, amongst other things, using resources responsibly, being purposeful in reducing the waste we produce, to foster meaningful collaborations, and be single-minded in fulfilling our commitments.

In 1980, Cathay Pacific became one of the first airlines in the world to implement fuel efficiency measures – enabling us to undertake the first nonstop flight from Hong Kong to London. We then implemented these on our long-haul routes beginning with our nonstop flight from Hong Kong to Vancouver in 1982, and subsequently applied this approach throughout our fleet and worldwide routes.

As part of the Swire Group, a statement in 1989 by our honorary life president and former Chairman, Sir Adrian Swire, continues to inspire positive purpose in the company:



“As a Group we should always seek to be ahead of legislation rather than reacting to it: that even if the environmentally “clean” way of doing something is more expensive and therefore on the face of it uneconomic, we should always, regardless of mandatory legislation, have a close look at the overall feasibility of adopting such a practice, both from the point of view of general public good and enlightened self-interest.”

Sir Adrian Swire

Honorary life president and former Chairman

This approach defines what sustainable development means to us – it is about applying long term thinking in the business, doing the right thing by the environment and our stakeholders, which results in long term success and a sustained existence.

Cathay Pacific’s current programme of CSR activities began back in 1991 with the launch of Change for Good, although we already had community activities since the 1970’s, with the purpose of giving back to Hong Kong and to the communities in which we operate.



On employee remuneration, we became one of the first companies in Hong Kong to provide flexible benefit schemes to our employees and formal management training programmes for pilots, engineers and general managers.

In 1996, we became one of the first Hong Kong companies to publish a voluntary publicly available Environmental Report for our stakeholders, which eventually evolved into our first Sustainable Development Report in 2009.

In 2012, with the support of various departments, we launched our Sustainable Development Strategy 20/20 commitments.

Thanks to the concerted effort of our colleagues, we were one of the few airlines and Hong Kong companies to be listed simultaneously in the FTSE4Good, Dow Jones Sustainability Index Asia-Pacific, and the Hang Seng Sustainability Index in 2013. We were also listed as a constituent of the Climate Disclosure Leadership Index Asia ex-Japan category under the Carbon Disclosure Project.

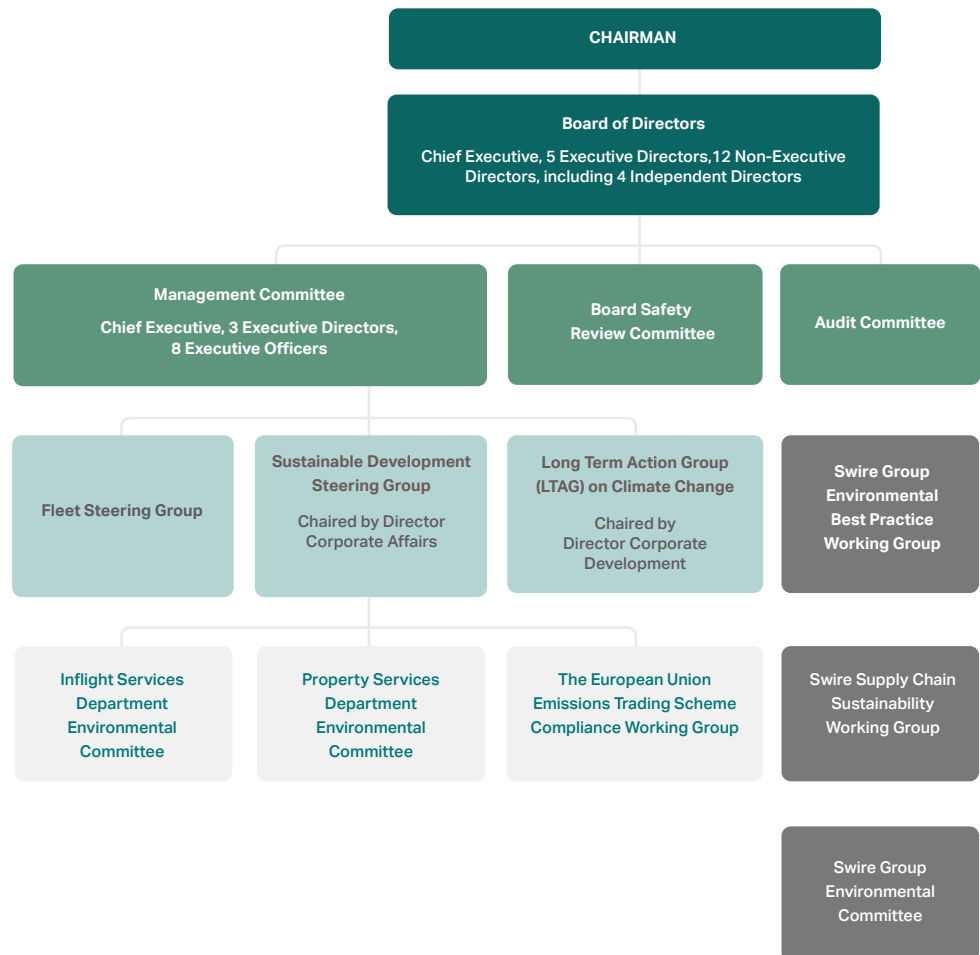
Our journey has been full of challenges. Since 1980, we have experienced our record-breaking profit years and our first profit loss; we have gone through Severe Acute Respiratory Syndrome (SARS); a number of economic downturns; to record highs in Hong Kong's economy. Throughout this time, our sustainability commitments matured — from focussing on environmental issues, to beginning to address social issues, to integrating environmental, social and economic issues into our strategy.

This year's report is testament to our continued efforts in ensuring Cathay Pacific stays on the path to fully embedding the value and practice of sustainability into how we conduct day-to-day business. We have made significant progress, but sustainability issues have become far more complex, the solutions need to be more innovative, and the actions need to be taken more urgently.



Sustainable Development Strategy

Cathay Pacific remains committed to maintaining a high standard of corporate governance and devotes considerable effort to putting in place best practices in accordance with our [Code of Conduct on Corporate Governance](#). The structure for governing sustainable development within the Cathay Pacific Group is shown in this diagram:



The functions of these committees and working groups, as well as how we manage risks and ensure corporate compliance, are described in the [Sustainability Governance factsheet](#) of this report and the [Corporate Governance Report](#) in the Cathay Pacific Airways Annual Report 2014 p.39-49.



The Cathay Pacific Sustainable Development Strategy is designed to embed sustainability into mainstream thinking of the company and hence in everything we do.

The development of the Strategy in 2009 resulted in five “priority areas” against which different departments, business units and subsidiaries of Cathay Pacific have been implementing sustainable development initiatives. These five priority areas enable us to set specific targets and move purposefully toward our goal. They also encompass the key components of who we are and how we work. In 2012, we launched our 20/20 SD commitments, and each commitment is highlighted under each of the five priority areas.





Our Sustainable Development Targets

Although the 20 commitments are being implemented by different business functions, and, in turn, address different stakeholder priorities, they all promote Cathay Pacific's sustainable development targets which cut across the group's activities and aim to:

- a) Reduce our overall emissions;
- b) Offer sustainably sourced products and services to our customers; and
- c) Ensure our community programmes are relevant and effective to the beneficiaries.


This is what the above three targets mean to us:

a) Reducing Emissions

According to the [Intergovernmental Panel on Climate Change](#) (IPCC) and the [International Energy Agency](#) (IEA), aviation currently accounts for 2% of global greenhouse gas emissions from human activity. As aviation grows to meet increasing demand, the IPCC has forecasted that, by 2050, the industry's greenhouse gas emissions could rise to 3%. While forecasts for 2050 can vary significantly, they highlight a challenge that the aviation industry will face over the next 40 years.




Projected increases in our emissions cannot be left unchecked, and that is why we are firmly committed to reducing our impacts. The industry has directed significant investment towards addressing the challenge, introducing new technology, better operating procedures and sustainable biofuels.

Within Cathay Pacific, aircraft emissions constitute 99% of our overall CO₂ emissions. Therefore we have committed to manage our carbon emissions and contribute to global efforts to reduce aviation's impact on the environment and climate change. In fact, we commit to improving our fuel efficiency by 2% year-on-year to 2020, which is in line with ICAO's target for the industry. At the same time, we are actively managing the energy and water impacts of our facilities, vehicle fleet and the equipment we use across our subsidiaries.

To learn more about our performance on this target, go to our [Climate Change factsheet](#) .

**b) Offering Sustainably Sourced Products and Minimising Resource Use**

We continually examine options to reduce resource use throughout our supply chain and to use materials from sustainable sources (such as Forestry Stewardship Council and Marine Stewardship Council-certified products, or recycled materials). We ensure our procurement team understand the requirements of our Supply Chain Sustainability Code of Conduct, so they can, in turn, ensure our suppliers comply with our standards. We also look for opportunities to improve recycling and waste management across all facets of our operations. These include products and services provided inflight and at airport lounges, back office operations and the maintenance, repair and overhaul (MRO) process of our aircraft.

To learn more about our performance on this target, go to our [Waste Management factsheet](#) , [Sustainable Sourcing factsheet](#)  and [Biodiversity factsheet](#) .



c) Ensuring the Effectiveness of Community Programmes

We support and invest in the Hong Kong community, of which we have been a part for more than six decades. Local staff members are also active in community initiatives in the outport countries where we have a presence.

Since 2011, we began making reference to the internationally-recognised London Benchmarking Group (LBG) methodology in evaluating one of our flagship projects, English On Air. English On Air provides English-speaking opportunities for young Hong Kong residents. The LBG methodology involves assessing how our goals align with beneficiaries' needs and expectations. We aim to ensure that our community programmes truly respond to their needs and play to our strengths.

Our global community investment strategy is to leverage the resources of our company and to motivate our staff and passengers to address the needs of the communities we serve, focusing mainly on three areas: youth and education, medical care and environmental conservation.

Apart from our work in Hong Kong, we strongly encourage our outport staff to get involved in their local communities and to proactively identify appropriate NGO partners with a view to exploring cooperation opportunities that will benefit the local community.

To learn more about our performance on this target, go to our [Community Investment factsheet](#)  and [Our People factsheet](#) .



Our 20/20 Sustainability Commitments

In 2010, we developed our Sustainable Development Strategy. In 2012, we launched our vision for how this Strategy will be realised through 20 commitments, to help us define what we intend to do and achieve by 2020. These commitments encompassed the key operational areas of our business, right across our flights, catering services, ground fleet, offices, suppliers and the communities we fly to. This is the result of years of engagement with our key stakeholders: our employees, passengers, investors, company management, community neighbours, subject experts and academics.



COMMITMENTS

Section of the
Report to which this
Issue Relates to

Commitments by 2020

2% year-on-year fuel efficiency	Climate Change
Develop a cost-effective strategy to incorporate sustainable aviation fuel into our operations	
Embed climate change adaptation into overall risk management	
Reduce electricity use by 25%	
Ground vehicles to use alternative fuels/power source	
All CX Group-owned buildings, offices and lounges will consider green building standards or principles	
Offer carbon offsetting as part of all ticket-related marketing and promotional activities	Biodiversity
Develop and implement a sustainable cargo policy	
All meals served inflight and on the ground will meet sustainability criteria	Waste Management
Reduce the environmental impact of maintenance, repair and overhauls carried out in Hong Kong by 50%	
Reduce material usage and waste by 25%	
Increase recycling by 25%	Sustainable Sourcing
All CX Group-branded materials will be produced using sustainable materials	
All paper, paper products and textiles offered to customers or as part of the service offering will be made of sustainable materials	
Engage with suppliers of inflight sales products on sustainability principles	Sustainable Sourcing Biodiversity
All suppliers will comply with our Supply Chain Code of Conduct	
All meals served inflight and on the ground will meet sustainability criteria	Sustainable Sourcing
CX Holidays to offer at least five more ecotourism packages by 2015	
All holiday packages offered by CX Holidays will be verified for their sustainability impacts	Sustaining a Life Well Travelled/Sustainable Development Strategy
Implement London Benchmarking Group (LBG) methodology to evaluate major company community projects	
Implement CX community investment guidelines by 2015	



Evolution of Our Approach to Reporting

Since 2012, our SD report has been structured according material issues in response to stakeholder needs. This stakeholder- and issue-focussed and performance-based approach aligns with our SD strategy and reflects what is important to our business and stakeholders, and what impact our company.



A detailed assessment was conducted on the findings of past years' engagement exercises. We then draw on our regular stakeholder engagement exercises to monitor current priorities and emerging issues. Although the importance of certain issues, such as waste management, sustainable sourcing and biodiversity, has increased over the years, some of the topics such as climate change have remained high as stakeholders' priorities over the years. These top issues continue to form the framework of this year's Sustainable Development Report:

Safety

Climate change

Waste management

Sustainable sourcing

Biodiversity

Our People



Want to find out more?
Go to the **Stakeholder
Engagement and Issues
Materiality Factsheet**.

2014 Progress



Overview of 2014

The Cathay Pacific Group announced an attributable profit of HK\$3,150 million in 2014, a 20.2% increase compared to 2013. In the first half of 2014 the Group's business was affected by high fuel prices, reduced passenger yield and continued weakness and over-capacity in the air cargo market. Business was better in the second half of the year.

For the full year, passenger demand was reasonably firm, with high demand during the peak summer and Christmas periods. After a prolonged period of weakness, cargo demand started to improve in the summer of 2014 and was strong in the fourth quarter, which is the peak period for cargo. The Group's business benefited from lower fuel prices in the fourth quarter, but this was partially offset by fuel hedging losses.

Despite the challenging operating environment, we are committed to further developing Hong Kong as a world leading aviation hub. This is reflected in our investment in network development, fleet upgrades, providing superior service and quality products. As at 31st December 2014, we had 79 new aircraft due for delivery up to 2024.

We took measures to improve our efficiency, by modernising our aircraft fleet accelerating the retirement of the less fuel efficient Boeing 747-400 and Airbus A340-300 aircraft, and improving operational efficiency. On the cargo side, we adjusted capacity in line with demand throughout the year, reducing the size of our freighter fleet and at the same time increasing its efficiency.

Our strategy is to continue to focus on ensuring that our service proposition to the customer remains strong; improving productivity; developing the strategic relationship with Air China; and maintaining a prudent approach to financial risk management.

We will continue to invest to make our business stronger while keeping our financial position strong.





Key investor and business sustainability recognition in 2014:



Principal subsidiaries and associates

Please refer to p.96-97 of our [Annual Report](#) for the full list.



Financial and Operational

Named **World's Best Airline** for a fourth time

HK\$3,150 million Attributable profit

39.2% Proportion of fuel cost in relation to our total operating cost

31.6 million Number of passengers carried by Cathay Pacific and Dragonair

Dow Jones Sustainability Index (DJSI) Inclusion in the world-leading and most recognised sustainability index for the second time running.

Cathay Pacific is one of a handful of companies in Hong Kong who is on the **DJSI**, **FTSE4Good**, and the **Hang Seng Sustainability Index** at the same time.

Refreshed logo Introduced for Cathay Pacific as part of a new approach to design.

New cabin products Installation of new Business and Economy Class seats in all Dragonair Airbus A330-300 and six A321-200 aircraft.

New first class seats had been installed in six Dragonair Airbus A330-300 aircraft.

New lounge at Haneda in Tokyo featuring the airline's new approach to design.

16 New aircraft delivered, including five Airbus A330-300, nine Boeing 777-300ER and (for Dragonair) two Airbus A321-200 aircraft. Six Boeing 747-400 passenger aircraft were retired. One Boeing 747-400 freighter was sold back to The Boeing Company.

- Three Airbus A330-300 aircraft
- 22 Airbus A350-900 aircraft
- 26 Airbus A350-1000 aircraft
- One Boeing 747-8F freighter aircraft
- Six Boeing 777-300ER aircraft
- 21 Boeing 777-9X aircraft

New destinations – Doha, Newark and Manchester for CX and Penang and Denpasar for KA. Increased frequencies to Los Angeles, Phuket, Siem Reap, Yangon, and non-stop to Colombo.



Economic Value Added

For the year ended 31st December 2014

	2014 HK\$M	2013 HK\$M	% Change
Directed economic value generated			
Turnover	105,991	100,484	5.5%
Finance income	302	351	-14.0%
Surplus on sales of investments	–	–	
Gain on deemed disposal of an associate	–	–	
Share of profits of associated companies	772	838	-7.9%
	107,065	101,673	5.3%
Economic value distributed			
Purchases of goods and services	76,389	73,344	4.2%
Employee wages and benefits	18,101	17,027	6.3%
Payments to providers of capital	2,153	1,890	13.9%
Payments to government	599	675	-11.3%
Community investments including charitable donation			-7.7%
– Direct payment	12	13	
– In the form of discounts on airline travel	8	4	100%
	97,262	92,953	4.6%
Economic value retained			
– Depreciation	8,016	7,270	10.3%
– Profit after dividends	2,757	2,384	15.6%
Retained for re-investment and future growth	10,773	9,654	11.6%

Note:

The above table summarises the distribution of the economic value generated from the Group which includes Cathay Pacific and all its subsidiary companies including Dragonair and Air Hong Kong. Share of profits of associated companies include our share of losses / profits of Air China. Please refer to our 2014 Annual Report for details of our principal subsidiaries and associates.



Cathay Pacific Group Fleet profile as of 31 December 2014

Company	Manufacturer	Aircraft Type	No. of Operating A/c in Subfleet	Avg. Age of Operating Subfleet (Yrs)	Passenger	Frieghter
CX Fleet	Boeing	777-200	5	17.6	✖	
	Boeing	777-300	12	13.6	✖	
	Boeing	777-300ER	47	3.3	✖	
	Boeing	747-400	7	22.8	✖	
	Boeing	747-400F	5	13.1		✖
	Boeing	747-400BCF	1	18.3		✖
	Boeing	747-400ERF	6	6.0		✖
	Boeing	747-8F	13	2.2		✖
	Airbus	A330-300	40	7.2	✖	
	Airbus	A340-300	11	17.5	✖	
			147	8.1		
KA Fleet	Airbus	A320-200	15	9.6	✖	
	Airbus	A321-200	8	12.2	✖	
	Airbus	A330-300	18	15.6	✖	
			41	12.7		
AHK Fleet	Airbus	A300-600F	9	11.3		✖
	Boeing	747-400BCF	3	23.8		✖
			12	14.4		
Overall			200			

Note:

Overall average fleet age is 9.5 years.

Environmental

16,622 thousand tonnes CO₂ emitted from flights

SCOPE 1

^ 16,654,795 (99.45%)

Aviation Fuel, Fuel
Combustion and Towngas

SCOPE 2

^ 91,307 (0.55%)

Electricity and Towngas

15.3% CO₂ efficiency improvement in relation to available tonne kilometre (ATK) since 1998

22.8% CO₂ efficiency improvement in relation to revenue tonne kilometre (RTK) since 1998

Aircraft are **75%** more fuel efficient now than those in the 1960s

^ 13,300 tCO₂ offset in 2014 by staff and passengers

LEED Silver certified Lounge at Charles De Gaulle Airport, Paris



Environmental Indicators – Aircraft Operations

Aircraft Operations	Units	2014*	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006	2005	2004	2003	2002	2001	2000	1999	1998
ATK	million	28,440	26,259	26,250	26,384	24,461	22,249	24,410	23,077	19,684	17,751	15,794	13,355	12,820	11,827	11,630	10,867	10,857
RTK	million	20,722	18,696	18,819	19,309	19,373	16,775	17,499	16,680	14,452	12,813	11,459	9,371	9,522	8,201	8,650	7,768	7,213
RPK	million	112,257	104,571	103,837	101,535	96,588	89,440	90,975	81,801	72,939	65,110	57,283	42,774	49,041	44,792	47,153	41,502	40,679
All Flights (Cathay Pacific and Dragonair)																		
Fuel Consumption	thousand tonnes	5,198	4,912	4,996	5,032	4,818	4,397	4,569	4,371	3,596	3,325	3,077	2,590	2,583	2,431	2,429	2,263	2,343
Fuel Efficiency	grammes/ATK	▲ 183	187	190	191	197	198	187	189	183	187	195	194	201	206	209	208	216
	improvement since 1998 %	▲ 15.3%	13.3%	11.8%	11.6%	8.7%	8.4%	13.3%	12.2%	15.3%	13.2%	9.7%	10.1%	6.6%	4.8%	3.2%	3.5%	0.0%
	grammes/RTK	251	263	265	261	249	262	261	262	249	260	269	276	271	296	281	291	325
	improvement since 1998 %	22.8%	19.1%	18.3%	19.8%	23.4%	19.3%	19.6%	19.3%	23.4%	20.1%	17.3%	14.9%	16.5%	8.7%	13.6%	10.3%	0.0%
Global CO ₂ emissions	thousand tonnes in CO ₂ e	16,374	15,472	15,738	15,851	15,175	13,852	14,393	13,769	11,327	10,474	9,693	8,159	8,136	7,658	7,651	7,128	7,380
	grammes/ATK	576	589	600	601	620	623	590	597	575	590	614	611	635	647	658	656	680
	improvement since 1998 %	15.3%	13.3%	11.8%	11.6%	8.7%	8.4%	13.3%	12.2%	15.3%	13.2%	9.7%	10.1%	6.6%	4.8%	3.2%	3.5%	0.0%
	grammes/RTK	790	828	836	821	783	826	823	825	784	817	846	871	854	934	885	918	1,023
	improvement since 1998 %	22.8%	19.1%	18.3%	19.8%	23.4%	19.3%	19.6%	19.3%	23.4%	20.1%	17.3%	14.9%	16.5%	8.7%	13.6%	10.3%	0.0%
Global NO _x emissions	tonnes	80,946	82,255	79,089	77,044	72,632	65,358	70,546	55,951	52,542	48,566	45,271	38,537	39,213	36,402	38,061	37,800	40,294
	grammes/ATK	3	3	3	3	3	3	3	2	3	3	3	3	3	3	3	3	4
	improvement since 1998 %	23.3%	15.6%	18.8%	21.3%	20.0%	20.8%	22.1%	34.7%	28.1%	26.3%	22.8%	22.2%	17.6%	17.1%	11.8%	6.3%	0.0%
	grammes/RTK	4	4	4	4	4	4	4	3	4	4	4	4	4	4	4	5	6
	improvement since 1998 %	30.1%	21.2%	24.8%	28.6%	32.9%	30.3%	27.8%	40.0%	34.9%	32.1%	29.3%	26.4%	26.3%	20.5%	21.2%	12.9%	0.0%
Global CO emissions	tonnes	12,186	13,620	13,304	12,972	12,204	11,422	13,436	13,077	10,959	10,190	10,056	8,873	8,268	8,062	8,751	9,827	13,982
Global HC emissions	tonnes	1,429	1,455	1,445	1,392	1,297	1,344	2,107	2,271	2,233	2,171	2,228	2,112	1,885	2,090	2,560	3,401	5,736
Passenger Flights Only [†]																		
Fuel Consumption	thousand tonnes	4,313	4,112	4,113	3,968	3,650	3,476	3,627	3,217	2,825	2,646	2,404	1,953	2,074	2,050	2,068	1,953	2,007
	share of total fuel consumption %	83.0%	83.7%	82.3%	78.9%	75.8%	79.0%	79.4%	73.6%	78.6%	79.6%	78.1%	75.4%	80.3%	84.3%	85.1%	86.3%	85.7%
Fuel Efficiency	grammes/RPK	38	39	40	39	38	39	40	39	39	41	42	46	42	46	44	47	49
	improvement since 1998 %	22.1%	20.3%	19.7%	20.8%	23.4%	21.2%	19.2%	20.3%	21.5%	17.6%	14.9%	7.5%	14.3%	7.2%	11.1%	4.6%	0.0%

* incorporates KA

† fuel consumption includes testing, and wet-lease flights

1 tonne of fuel = 3.15 tonne of CO₂

(1) GWP of CO₂ is 1; assumes that all other GHG gases are negligible as these impacts still uncertain.

(2) Fuel consumption for our passenger flights includes the carriage of baggage and belly space cargo.



Other Environmental Indicators

	Units	2014	2013
Hong Kong and 100% owned Hong Kong-based subsidiaries			
Power/Fuel			
Electricity Consumption	mWh	137,181	95,243
Ground based activities fuel consumption	litre		
Mobile Combustion – Diesel		4,730,562	4,381,428
Mobile Combustion – Unleaded Petrol		360,821	311,990
Stationary Combustion – Diesel		1,437,297	1,496,857
Purchased Towngas	unit	5,886,167	5,662,274
Fuel dumped due to operational reqs	tonnes	796	274
% of fuel dumped	%	0.15	0.01
Water			
Seawater consumption	m ³	8,077,900	8,333,560
Potable water consumption	m ³	849,558	781,643
Maintenance water consumption	m ³	91,202	101,889
Paper & Cardboard			
Paper consumed in offices	tonnes	2,526	2,020
Paper & cardboard recycled	tonnes	1,979	1,995
Printer Cartridges			
Printer cartridges purchased	no.	4,080	4,470
Printer cartridges refilled	no.	842	668
Printer cartridges recycled	no.	2,124	2,332
Recycled/Reused Materials			
Metal recycled	kg	35,241	56,467
Plastic recycled	kg	494,201	126,880
Glass recycled	kg	526,510	513,159
Food processing oil	litre	27,011	
Hangers used	no.	2,120,232	2,255,544
% of hangers reused	%	53.5	56.0
Disposed Materials			
Non-hazardous waste	tonnes	12,721	12,871
Outports			



Other Environmental Indicators

	Units	2014	2013
Outports			
Power/Fuel ⁽¹⁾			
Electricity Consumption	mWh	1,294	1,275
Ground based activities fuel consumption			
Mobile Combustion – Diesel	litre	11,399	10,346
Mobile Combustion – Unleaded Petrol	litre	54,629	48,445
Stationary Combustion – Natural Gas	therms	276	0
Paper & Cardboard ⁽²⁾			
Paper consumed in offices	tonnes	6	5
Printer Cartridges ⁽²⁾			
Printer cartridges purchased	no.	254	258
Potable water consumption	m ³	20	27

* Due to the inclusion of Cathay Pacific Services Limited, data between 2014 and 2013 may not be directly comparable.

(1) Covers our offices in Auckland, Manila, San Francisco, and Taipei.

(2) Covers our offices in Frankfurt, Karachi, Kuala Lumpur, Paris, and Sydney.

Want to find out more? Go to our graphs on:

- 2014 GHG Emissions (tCO₂e) – Cathay Pacific Group
- Global CO₂ Emissions – Cathay Pacific Group Fleet



Social

Over 1,000 Number of suppliers globally for Cathay Pacific and Dragonair

33,400 Number of group staff worldwide, of which 25,700 are employed in Hong Kong

3,000 Volunteer hours by staff

126 Number of student participants in the English On Air programme

12,000 Number of visitors from schools and non-governmental organisations to Cathay City

Social Indicators Table

	Units	2014	2013
Total workforce	no.	33,423	29,787
by Location			
Hong Kong	%	77	79
China	%	3	3
Outports	%	20	18
by Employment Type			
Flight Crew	%	10	11
Cabin Crew	%	36	38
Ground Staff	%	28	30
Subsidiary Staff	%	26	21
by Gender			
Female	%	54	56
Male	%	46	44
by Age Group			
Under 30 years old	%	30	28
30-50 years old	%	56	57
over 50 years old	%	14	15
by Contract Type			
Permanent terms	%	91	95
Fixed/temporary terms	%	4	5
Supervised employees	%	5	0
Permanent employees			
by Gender			
Female	%	56	57
Male	%	44	43
by Employment Type			
On full-time	%	98	98
On part-time	%	2	2
Temporary employees			
by Gender			
Female	%	48	56
Male	%	52	44
Senior Management from Local Community ⁽¹⁾	%	60	80



Social Indicators Table

	Units	2014	2013
Employee Yearly Turnover Rate ⁽²⁾			
by Location			
Hong Kong	%	14	12
China	%	10	10
Outposts	%	8	7
by Employment Type			
Flight Crew	%	4	4
Cabin Crew	%	5	4
Ground Staff	%	8	8
Subsidiary Staff ⁽⁵⁾	%	36	37
by Gender			
Female	%	13	12
Male	%	11	11
by Age Group			
Under 30 years old	%	21	21
30-50 years old	%	8	6
over 50 years old	%	13	12
Lost time Injury Frequency Rate ⁽³⁾			
Cathay Pacific	rate	18.2	27.3
Dragonair	rate	21.8	19.0
Subsidiary Staff	rate	17.4	20.0
No of fatalities due to CX Group operations			
CX Group Staff	no.	0	1 ⁽⁴⁾
Contractors working within Cathay Pacific/Dragonair premises	no.	0	0
Passengers	no.	0	0
Average hours of training per year			
Top/Senior Management	hrs	3.2	2.0
Middle/Junior management & supervisory	hrs	9.8	10.3
Customer facing staff	hrs	30.5	32.7
Non-customer facing operational/technical staff	hrs	19.2	17.0
Others	hrs	0.7	0.2



Social Indicators Table

	Units	2014	2013
New Employees			
by Age Group			
Under 30 years old	%;	39	N/A
30-50 years old	%;	7	N/A
over 50 years old	%	6	N/A
by Gender			
Female	%	17	N/A
Male	%	16	N/A
By Region			
Hong Kong	%	17	N/A
China	%	15	N/A
Outposts	%	13	N/A
Employees receiving performance reviews	%	100	100
Human rights screening in investment and procurement practices	%	100	100
Reported incidents of discrimination	no.	0	0
Non-compliance cases on product responsibility issues (5)	no.	0	0
Non-compliance cases on applicable laws and regulations (6)	no.	0	0

Our 2014 data includes Cathay Pacific Services Limited for the first time

- (1) Includes Executive Directors only.
 (2) Employee Turnover Rate computed as # of leavers/# of staff for each month and averaged on a yearly basis.
 (3) LTIFR is computed as (# of injuries resulting in lost time/total workforce hours) x 1,000,000.
 (4) Please refer to our Safety Factsheet of our Sustainable Development Report 2013.
 (5) Includes cabin product, marketing and customer privacy.
 (6) Includes anti-competition and corruption cases. For details on anti-competition cases, please refer to pg. 84-85 of our Annual Report 2013.

Want to find out more? Go to our graphs on:

- [CX Annual Report](#)
- [Safety Incidents](#)
- [Lost Time Injury Frequency Rate \(%\)](#)
- [Cabin Crew Nationality Mix \(%\)](#)



Sustainable Development Strategy — 20/20 Commitments

In 2010, we developed our Sustainable Development Strategy. In 2012, we launched our vision for how this Strategy will be realised through 20 commitments, to help us define what we intend to do and achieve by 2020. These commitments encompassed the key operational areas of our business, right across our flights, catering services, ground fleet, offices, suppliers and the communities we fly to. This is the result of years of engagement with our key stakeholders: our employees, passengers, investors, company management, community neighbours, subject experts and academics.

Key:

✓ = Achieved

➔ = On plan

⚠ = Off plan



COMMITMENTS

Section of the
Report to which this
Issue Relates to

Commitments by 2020

➔ 2% year-on-year fuel efficiency	
✓ Develop a cost-effective strategy to incorporate sustainable aviation fuel into our operations	
✓ Embed climate change adaptation into overall risk management	
➔ Reduce electricity use by 25%	Climate Change
✓ Ground vehicles to use alternative fuels/power source	
➔ All CX Group-owned buildings, offices and lounges will consider green building standards or principles	
✓ Offer carbon offsetting as part of all ticket-related marketing and promotional activities	
✓ Develop and implement a sustainable cargo policy	
✓ All meals served inflight and on the ground will meet sustainability criteria	Biodiversity
✓ Reduce the environmental impact of maintenance, repair and overhauls carried out in Hong Kong by 50%	
➔ Reduce material usage and waste by 25%	Waste Management
✓ Increase recycling by 25%	
✓ All CX Group-branded materials will be produced using sustainable materials	
➔ All paper, paper products and textiles offered to customers or as part of the service offering will be made of sustainable materials	Sustainable Sourcing
✓ Engage with suppliers of inflight sales products on sustainability principles	
➔ All suppliers will comply with our Supply Chain Code of Conduct	
✓ All meals served inflight and on the ground will meet sustainability criteria	Sustainable Sourcing Biodiversity
➔ CX Holidays to offer at least five more ecotourism packages by 2015	
✓ All holiday packages offered by CX Holidays will be verified for their sustainability impacts	Sustainable Sourcing
✓ Implement London Benchmarking Group (LBG) methodology to evaluate major company community projects	Sustaining a Life Well Travelled/Sustainable Development Strategy
✓ Implement CX community investment guidelines by 2015	



Selected awards for Cathay Pacific and Dragonair 2014



CATHAY PACIFIC

Skytrax World Airline Awards

Airline of The Year 2014

U Magazine Travel Awards 2014

- **My Favourite Inflight Entertainment**
- **My Favourite service team in the skies**

Business Traveller Asia-Pacific
Travel Awards

- **Best Premium Economy**
- **Best Airline Lounge in Asia-Pacific**
- **Best Frequent-Flyer Programme**

Yahoo Emotive Brand Awards 2013-2014

Airline category

2014 Frontier Awards

Inflight Retailer of the Year

2013 Hong Kong Awards for
Environmental Excellence (HKAEE)

Sectoral Gold Award

2014 Randstad Award

Most Attractive Employer Award

Cellars in the Sky 2013 by Business
Traveller Magazine

**Gold Medal – Best Business Class
Red Wine**



DRAGONAIR

25th Annual TTG Travel Awards 2014

Best Regional Airline

2014 Business Traveller China Award

Best Airline Economy Class

Hong Kong Association for Customer
Service Excellence (HKACE)

**Internal Support Service Team –
Silver Award**

Yahoo Emotive Brand Awards 2013-2014

Airline Category

Weibo Star 2013

**Top 10 Most Influential
Hong Kong Corporation**

Safety



Safety Matters

At Cathay Pacific, we strive to maintain the highest levels of safety and always put safety first.

At Cathay Pacific, we have a longstanding and clear focus on safety that is embedded in the organisation. Our goal is to manage the risks of the operation to As Low As Reasonably Practical (ALARP) in order to allow the company to pursue and maintain its commercial activities in a sustainable way.

Our Safety Policy, signed by the Chief Executive, clearly articulates this commitment by stating that "safety is our number-one priority" and that we are "fully committed to providing a safe operational and working environment" for all our passengers and staff. It goes on to state that "ultimate accountability rests with me as Chief Executive. However, responsibility for safety lies with each and every one of us in the airline".

We have well-developed and deeply-embedded proactive safety systems to ensure that we can deliver the results. Developments made in 2014 will ensure that we live up to these exacting standards.



"If we don't know where the risks lie, we can't mitigate them effectively."

Richard Howell
General Manager Corporate Safety



Updates for 2014

Throughout 2014 Cathay Pacific continued its policy of both active and reactive safety initiatives to ensure continuous improvement of safe systems of operation to ensure the safety of our customers, staff and contractors.



Early in the year we became one of the first airlines to complete an IATA Enhanced International Operational Safety Audit (IOSA) with zero findings. The IOSA audit accreditation has become an industry benchmark for safe operators. For example, the 2012 total accident rate for IOSA carriers was 77% lower than the rate for non-IOSA operators. The enhanced audit ensures conformity as well as implementation of IOSA standards.

Cathay Pacific always learns from industry events. The loss of Malaysian Airlines MH370 led to calls for aircraft tracking and as a result Cathay Pacific is currently conducting a trial of flights using technology that provides details of an aircraft's position every 50 miles (or six minutes). The National Transportation Safety Board (NTSB) determined that the probable cause of the Asiana Boeing 777 accident in San Francisco was the flight crew's mismanagement of the airplane's descent during the visual approach, deactivation of automatic airspeed control, inadequate monitoring of airspeed, and the delayed execution of a go-around. An internal review determined that Cathay Pacific adequately mitigated this with strict approach criteria applied procedurally by flight crew, together with an additional full simulator training detail over and above the regulated minimum.

An active safety initiative in 2014 was the review of third party suppliers of operational services. Cathay Pacific believes that the recent shift in the airline industry to more services being outsourced to third party companies requires greater scrutiny by the customer airline of the services provided by ground handling, catering, cleaning and engineering companies. Overseen by the Corporate Quality Department, the Cathay Pacific supplier management programme is an important initiative to ensure the safe delivery of external services. Another 2014 initiative included a full review of loading integrity and load control processes to ensure we have the best possible error-tolerant systems in place. Cathay Pacific has an active process in Flight Operations for the assessment of risk from flight over conflict zones which resulted in the cessation of Ukrainian over flights in March 2014 prior to the loss of Malaysian Airlines, MH17.



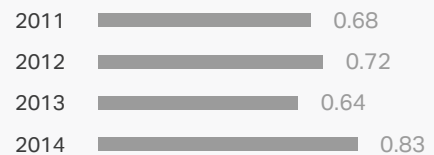
Cathay Pacific and Dragonair always target zero accidents and zero 'high risk' incidents. In 2014, with approximately 32 million passengers carried, there were no events classified as an accident and zero fatalities. There was one 'high risk' safety incident; this concerned a lithium battery fire in a mail bag on the ground in a warehouse in Singapore. With the focus on risk management the 'moderate risk' safety incidents rate of 0.83 per 1,000 sectors in 2014, was below the target of 1/1,000. The majority of these were cargo/ramp related events on the ground. In addition, the reports represent a strong reporting culture, which is a sign of a healthy safety system. There were no staff fatalities and zero serious work-related injuries in 2014. The total number of lost time injuries reduced by 27.6% year-on-year.

Safety Incidents

High Risk Safety Incidents



Moderate Risk Safety Incidents (Per 1,000 Sector)

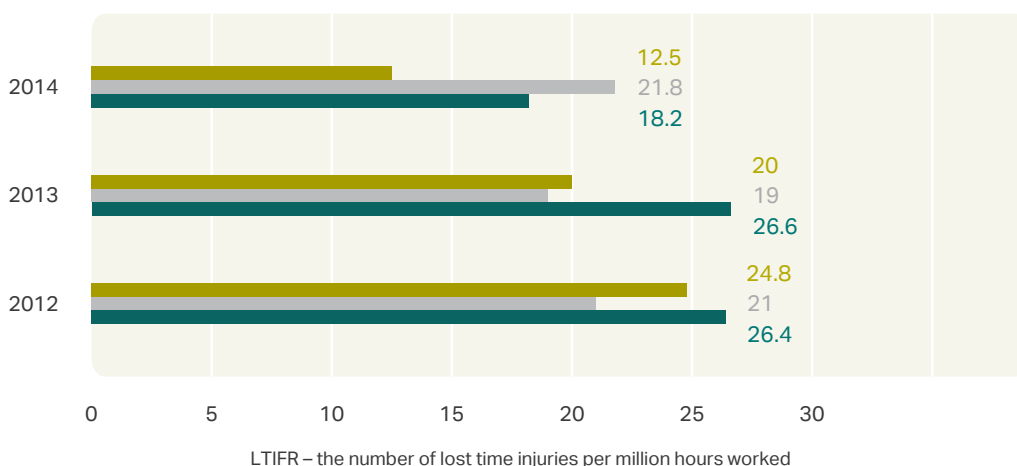


To manage and mitigate potential injuries to cabin crew, the Inflight Services Department (ISD) re-established the Occupational Health and Safety (OHS) Injury Prevention Working Group to champion injury prevention initiatives in the cabin. This included improved care and oversight through In-flight Service Managers (ISMs) — the most senior cabin crew working in the cabin. In the event that cabin crew are injured, they are given professional support to ensure that they receive the best possible rehabilitation by a third party company. To prevent injuries caused by cabin crew lifting passengers' bags into overhead lockers, ISD launched "Think Safe", an injury prevention initiative.



Other initiatives and training were conducted in various departments across the company. At Cathay City, our Hong Kong headquarters, our facilities management company carried out a Fire, Health and Safety Audit along with routine air quality surveys. The Engineering Department commenced a training and equipment programme for engineers carrying out inspections at height as part of their training programme. The management of Display Screen Equipment Ergonomic Assessments was enhanced by the creation of a SharePoint database of forms, allowing the completion of the assessments to be entirely electronic and stored in a centrally located and locally accessible repository. In June, the Ramp Safety Review Group was established to look at ramp risks including OHS hazards and risks. During the year, all the First Aiders at Cathay City received refresher training to ensure they were up to date on First Aid and maintained the ratio of 1 to 150 staff in Cathay City. A Corporate Safety monthly newsletter was launched in 2014 and included a regular section on OHS reminders to staff.

Lost Time Injury Frequency Rate



■ Subsidiary Staff ■ KA ■ CX

- LTIFR is computed as (# of injuries resulting in lost time/total workforce hours) x 1,000,000.
- We have revised the LTIFR figures for CX to better report on cabin crew and flight crew lost days and work hours by including data from our outposts.



What Our Stakeholders Think

Our stakeholders continue to view customer safety and staff OHS as the top issues relevant to Cathay Pacific. The consistent message we have been receiving over the years is that both staff and passengers regard Cathay Pacific as having good safety performance, records and contingency plans, with strong emphasis on passenger and staff safety. In particular, staff are proud of the safety culture, and feel that the company is able to communicate effectively on safety issues. Cathay Pacific is also one of the first airlines to implement a Fatigue Risk Management System. This work is on-going and we will continue to build on what we have achieved. This year, surveyed staff highlighted that they would like to see strengthened training in staff occupational health and safety.



Our Safety Commitments



CX COMMITMENTS

Below presents our achievements against our key safety performance targets and indicators for 2014:

	Target	Actual
Accidents	Zero	Zero
High Risk or Severe Incidents	Zero	Eight
Moderate Risk Incidents	Below 1/1,000 sectors	0.64/1,000
IATA Operational Safety Audit (IOSA)	Maintain 100% conformance	IOSA renewed in 2012
Regulatory Report Rates	Below 4/1,000 flights	4.6/1000
Line Operational Safety Audit (LOSA)	Every four years	Completed June 2013
Simulate an Emergency Response	Each port every 24 months	Yes



Want to find out more? Go to our **Safety Factsheet**.

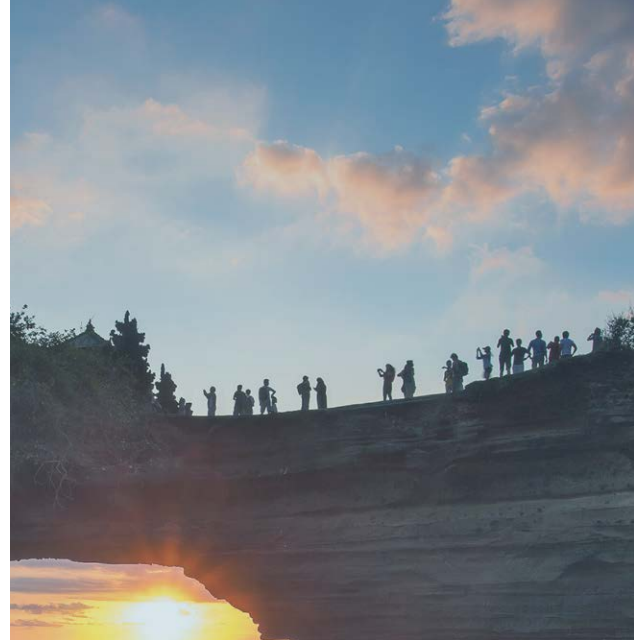


Want to find out more? Go to our video on the right.



Our video, **Safe Carriage of Lithium Batteries**.

Climate Change




Climate Change Matters

We are committed to tackling the issue of climate change, as our use of non-renewable fossil fuels is not only one of our major operating costs, but also our most significant environmental impact.

More than ever, we have both the economic and environmental incentives to implement more sustainable solutions to address our environmental impact such as fuel efficiency, new fleet and sustainable biofuels.

We are also active in international negotiations on developing a global market-based measure for reducing emissions from aviation from 2020.

We agree with our stakeholders that climate change is the company's highest environmental priority and challenge, and that we need to manage our long term impacts in innovative ways. We recognised this in the 1990s, when we released our first Environmental Report, and reinforced that position in 2006 when we launched our [Climate Change Position](#) , one of the first few airlines to have done so publicly.



Key CX Climate Change initiatives from the 1980s to present

1980	Early 1980s 1989	Aircraft Weight Reduction Task Force* Supports the Swire Group Environmental Policy
1990	1996 1997	First environmental report including CO ₂ emissions Received ISO 14001 certification
2000	2005 2006 2007 2008	Established the Long Term Climate Change Task Force Initiated engine core washing Launched CX's Climate Change Position Launched carbon offset programme — FLYgreener Joined Climate Change Business Forum (CCBF) Founded the Aviation Global Deal (AGD)
2009		Joined the Sustainable Aviation Fuel Users Group (SAFUG) Supported IATA's climate change commitments
2011		Developed a sustainable biofuels strategy Supports climate change science monitoring with IAGOS
2012		Committed to a CX CO ₂ target



Exceeding Industry Target

We have committed ourselves to a target of a 2% year-on-year improvement of CO₂ emissions per passenger and cargo we carry (known as “revenue tonne kilometre”, or RTK) by 2020, based on 2009 levels. This meets ICAO’s recommended goal for aviation and exceeds the agreed industry target of 1.5% and contributes to our majority shareholder, Swire Pacific’s ambition of net zero impact.

Our strategy for achieving this follows the IATA four-pillar strategy:

<p>1. Technology</p> <ul style="list-style-type: none"> ▶ Airframe, engine ▶ New fuels 	<p>2. Operations</p> <ul style="list-style-type: none"> ▶ Maximum efficiency ▶ Minimise weight 	<p>3. Infrastructure</p> <ul style="list-style-type: none"> ▶ Air routes, ATM ▶ Airport procedures 	<p>4. Economic instruments</p> <ul style="list-style-type: none"> ▶ Offsets & trading ▶ Incentives
--	--	--	--

We also fully support the IATA’s climate change commitments:



IATA’S CLIMATE CHANGE COMMITMENTS



2010	An average improvement of fuel efficiency of 1.5% per year
2020	A cap on aviation CO ₂ emissions from 2020 (carbon neutral growth)
2050	Aspiration for 50% reduction in net CO ₂ emissions over 2005 levels



Updates for 2014

Emissions and Fuel Efficiency

In 2014, Cathay Pacific and Dragonair were collectively responsible for emitting 16.6 million tonnes of carbon dioxide (CO₂) from fuel burn, an increase of 1.1 million tonnes from 2013. Although our total emissions grew due to the growth of the airlines, our fuel efficiency improved by 2.2% and 4.5% in relation to capacity (available tonne kilometre, ATK) and traffic carried (revenue tonne kilometre RTK) respectively over 2013. This brought our total fuel efficiency improvement since 1998 to 15.3% and 22.8% per ATK and RTK respectively.

**16.6
million
tonnes**

CO₂ emissions
from fuel burn

SCOPE 1 EMISSIONS

▲ **16,654,795 tonnes**
(99.45%)

Aviation Fuel, Fuel
Combustion and Towngas

SCOPE 2 EMISSIONS

▲ **91,307 tonnes**
(0.55%)

Electricity and Towngas

Fuel efficiency achievements in 2014 included:

- Fleet modernisation by taking delivery of nine Boeing 777-300ER aircraft, five Airbus A330-300 aircraft and (for Dragonair) two Airbus A321-200 aircraft and retiring six Boeing 747-400s.
- As part of the Cathay Pacific eEnabled Aircraft Programme, 11 Boeing 777-300ER aircraft were fitted with Electronic Flight Bags (which replaced the flight bags loaded with charts, manuals and documents) and Electronic Techlog (the technical log that is completed by the Engineering team and crew on the flight deck) which are used on all services.

Along with the longer term benefits such as operational efficiency, an eEnabled aircraft will replace existing paper manuals and charts, which can weigh up to 51 kg, hence reducing the environmental impact of paper charts and manual production, distribution and disposal. New antennas on the aircraft also significantly reduce aircraft drag thereby reducing the fuel burn.

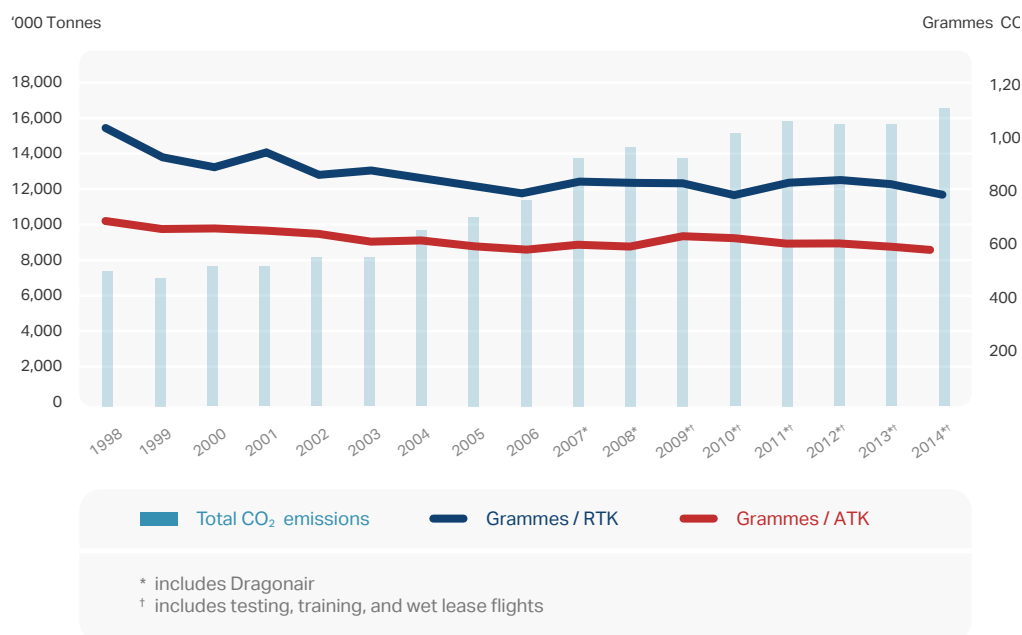


- The Flight Efficiency Working Group was established to facilitate a coordinated approach to managing our fuel use better and improving fuel efficiency. The cross-departmental team focussed on projects in the following areas:
 - Aircraft weight
 - Aircraft performance
 - Aircraft operation
 - Aircraft efficiency

One project in 2014 included a study with the Hong Kong International Airport in preparation for the Auxiliary Power Unit (APU) ban at the airport due to come into force in December. The initiative involved both Cathay Pacific and Dragonair maintenance, repair and overhaul (MRO) agents and the Airport Authority Hong Kong (AAHK) and evaluated various procedures to minimise APU usage. Cathay Pacific also implemented reduced engine taxiing (RET) in 2014 as a result of the work by the Working Group. Dragonair introduced RET to its operations in 2013.



Global CO₂ Emissions – Cathay Pacific Group Fleet



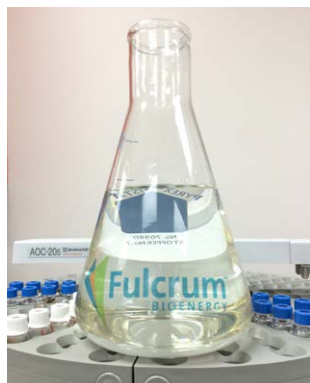


Sustainable Biofuels

In August 2014, Cathay Pacific announced an investment in a U.S.-based sustainable biofuel developer, Fulcrum BioEnergy Inc. This is part of our biofuel strategy, and will help us achieve a target of carbon-neutral growth from 2020. Fulcrum is a world pioneer in the development and commercialisation of converting municipal solid waste into sustainable aviation fuel.

We have negotiated a long-term supply agreement with Fulcrum for an initial 375 million US gallons of sustainable aviation fuel over 10 years and which would meet all the airline's technical requirements, specifications and sustainability criteria.

According to Fulcrum, jet fuel produced by their waste-to-fuels process will reduce lifecycle carbon emissions when used in aircraft or road transport by more than 80% when compared to traditional fuels derived from crude oil and other fossil sources. This process also reduces the amount of municipal solid waste destined for landfill and resulting methane gas emissions.



ICAO Global Market-Based Measure

In 2014, the International Civil Aviation Organisation (ICAO) began the development of a global market-based measure (MBM) to address the growth of international aviation emissions.

The Global Market-based Measure Technical Task Force (GMTF), comprising representatives and experts from ICAO member states, industry and NGOs, was convened. Cathay Pacific is a member of the GMTF and has been actively engaged in the dialogue on the implementation of a global MBM for aviation emissions under ICAO, including membership of IATA's advisory group on this issue.

We are part of a small group of IATA carriers that are members of the expert groups looking at specific technical aspects of a global MBM through the ICAO Advisory Committee on Environmental Protection (CAEP), together with NGOs, states and academia. Additional meetings are planned leading up to the next ICAO Assembly in 2016.



Global Efforts by the Aviation Industry in Reducing Emissions

2008	CX as a founding member of the Aviation Global Deal Group
2009	The aviation industry committed to new and ambitious targets for emissions reductions through IATA
2010	Monitoring of CO ₂ data began in compliance with the EU ETs
2011	CX appointed to IATA Climate Change Task Force
2012	Climate Change Task Force completed extensive work around the implementation of CNG 2020
2013	The 38 th ICAO meeting agreed to proceed with the development of a global market-based measure for international aviation emission

European Union Emissions Trading Scheme

The European Union continued to 'stop the clock' on the EU Emissions Trading Scheme (ETS). The revised regulation extended the suspension of the ETS with respect to flights to and from non-European Economic Area (EEA) countries until 2016, as well as requiring Member States to report on how they used revenue from ETS allowance auctions.

Although Cathay Pacific welcomed the clarity this provided airlines for the next three years, the continual amendments to the regulation added to legislative uncertainty. Nonetheless, we remained in full compliance with the EU ETS regulation, but our commitment is towards seeking a global MBM solution that is fair, equitable and avoids market distortion as opposed to regional schemes such as the EU ETS.



FLY greener Carbon Offset

Passengers continued to offset the emissions from their flights via **FLY greener**, Cathay Pacific's carbon offset programme, which has been in place since 2007 when we became the first Asian airline to offer a passenger carbon offset scheme. This amounted to 3,300 tCO₂^A in 2014. Cathay Pacific and Dragonair also offset the CO₂ impacts of staff travelling on business, totaling 10,000 tCO₂^A at an approximate cost of HK\$250,000.

The programme portfolio currently includes the following renewable energy projects:

Lankou 26 MW Hydropower Project

Dongguan, Guangdong
Feeds into the China Southern Power Grid

Chaonan Shalong Wind Power Project

Shantou, Guangdong
Feeds into China Southern Power Grid



Wind turbines at the Chaonan Shalong Wind Project

Hong Kong International Airport Expansion

The Environment Impact Assessment (EIA) for the expansion of the Hong Kong International Airport was released for public consultation in June 2014 and Cathay Pacific provided a consultation response.

Subsequently, the EIA was endorsed with conditions by the Advisory Committee on the Environment (ACE), and the Director of Environmental Protection issued the Environmental Permit for the project in November 2014.

Ground Operations

In 2014, the total electricity consumption at Cathay City and Dragonair House was 33,059,287 kWh and 7,024,715 kWh respectively, representing a decrease of 1.8% and increase of 0.4% respectively. The main reasons for this saving were from the chilled water system optimisation and LED lighting replacements. The increment at Dragonair House was mainly due to increase in training and recruitment activities.

To support staff driving electric vehicles to work, we designated a parking space at Cathay City next to the electric vehicle charging point for electric vehicles only, and two further outdoor EV chargers were also installed. At Dragonair House, two 13A socket outlets were installed for charging while an EV charger was being installed.



At the Cathay Pacific Cargo Terminal, energy saving initiatives introduced in 2014, including the installation of power efficient retrofit lamps, motion sensors and photo sensors across the terminal, saved more than one million kWh of electricity per year.



Following several feasibility studies at The Bridge, one of our airport lounge in Hong Kong, it was decided that water-to-water heat pump utilising waste heat recovery would be applied due to the significant hot water consumption pattern in the facility. Energy consumption of the heat pumps at The Bridge in 2014 was 11,286 kWh, compared with the energy consumption of conventional electrical boilers at another airport lounge, The Wing, which was 18,005 kWh during the same period. Based on these figures, energy saved from using heat pumps was 6,719 kWh, which was around 37.3%.



Our subsidiary businesses, including HAS, Vogue Laundry and Cathay Pacific Catering Services (CPCS), have been replacing existing equipment with newer, more efficient and lower emission models.



HAS, our ground handling company, commenced the second term of their three-year Ground Support Equipment (GSE) Replacement Programme, replacing over 50 aged and less fuel-efficient GSE and vehicles.



At Vogue Laundry, consumption of the dry cleaning solvent, perchloroethylene, has been reducing. In 2014, it was 11.0% less than in 2013. Vogue also switched from diesel boiler to a dual fuel boiler utilising Towngas and ultra-low sulphur diesel at a 90:10 ratio, which helped reduce CO₂ emissions. In addition, two Euro V trucks were added to the fleet.

CPCS replaced the condensers on the roof and installed LED lights around the premises, resulting in an estimated total saving of 647 tonnes of carbon for the year. In the vehicle fleet, all pre-Euro type trucks were replaced and the number of Euro V trucks increased from 16 in 2013 to 20 in 2014. To achieve better roadside air quality at the airport in Hong Kong, CPCS purchased their first electric vehicle in November 2014. It will mainly be used for transporting staff at the ramp area and additional meal deliveries.

For the second year, Cathay Pacific continued to be included in the Dow Jones Sustainability Index (DJSI), a world-leading and one of the most recognised sustainability indices. This year, we also supported the HKSAR Government's Carbon Footprint Repository, which was newly developed for listed companies in Hong Kong, by disclosing our emissions data through this system. Cathay Pacific obtained an 'AA' rating under the Hang Seng Corporate Sustainability Index.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM





What Our Stakeholders Think

Not surprisingly, climate change, carbon emissions and energy efficiency remain the primary environmental issues of focus for stakeholders, and with fuel as an important emerging issue, due to their perceived high impact on our business – high fuel costs, increasing regulations such as the emergence of different Emissions Trading Schemes, the development of a global market-based measure, and impact on the environment. In particular, there are expectations on role that biofuels will play in helping us achieve our emissions goal. Climate change has been a material issue for us for a long time, and stakeholders recognise that we have been addressing this as a priority, but at the same time, expect us to adopt targets that exceed the industry ones.

There is an expectation for us to further enhance transparency and communication around our climate change approach, especially with staff, and for us to engage more proactively and publicly on this issue.



Our Climate Change Commitments



CX COMMITMENTS

In 2012, we launched our commitments under our [Sustainable Development Strategy](#). We committed ourselves to a number of actions that are related to *reducing our overall carbon emissions (in the air and on the ground) and adapting to the impacts of climate change*:

20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
Achieve 2% year-on-year improvement in fuel efficiency	➡	To meet and exceed the industry commitment of 1.5%, reduce fuel cost and emissions	Significant investment in our fleet renewal plan. We took delivery of 16 new aircraft in 2014: nine Boeing 777-300ER aircraft, five Airbus A330-300 aircraft and (for Dragonair) two Airbus A321-200 aircraft. Six Boeing 747-400 passenger aircraft were retired during the period.	Receive new aircraft and retire less efficient ones. At 31 December 2014 we had 79 new aircraft on order for delivery up to 2024. A total of nine new aircraft are scheduled for delivery in 2015.
Develop a cost-effective strategy to incorporate sustainable aviation fuel into our operations	✓	To develop a robust alternative fuels strategy as part of our adaptation strategy	Appointed a dedicated Biofuel Manager in 2011. Invested in a U.S. based waste-to-energy biofuel development facility in 2014.	Progress several projects, including undertaking a feasibility study with a technology partner.
Embed climate change adaptation into overall risk management	➡	To reduce Cathay Pacific's exposure to risks and capture business opportunities related to climate change	Review international and local aviation climate change adaptation research	Develop an implementation plan
Reduce electricity use by 25%	➡	This is a key impact of our headquarter buildings in Hong Kong	Introduced green specifications into the proposal process for purchases of electric equipment	Carry out a detailed Energy Audit with recommendations Include green specifications in equipment requirements



20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
Ground vehicles to use alternative fuels/power source	→	To encourage more efficient use of our ground vehicles and service equipment, and to prepare for future legislation	Upgraded vehicle The second term of HAS' Ground Support Equipment (GSE) Replacement Programme commenced in 2014. About 60% of HAS' motor vehicles and GSE are now electrically powered or comply with the latest emission standard that is Stage IIIA for GSE and Euro V for vehicles	Continued progressive vehicle replacement and exploring performance improvement systems
All Cathay Pacific Group-owned buildings, offices and lounges will consider green building standards or principles	→	To ensure green elements are considered at the design stage of our newly constructed or refurbished buildings	Applied green guidelines and building certification (where applicable) for offices and passenger lounges. The Cathay Pacific lounge at Charles De Gaulle Airport, Paris was LEED Silver certified in 2014	Develop bespoke guidelines suited to the construction and refurbishment of our specific facilities. New buildings for CPCS and Vogue Laundry to be designed to achieve the BEAM Plus GOLD standard
Offer carbon offsetting as part of all ticket-related marketing and promotional activities	✓	To provide a value-added service while raising customer awareness on the carbon impact of their flight, and how they can offset this impact	Offsets paid for free tickets given for marketing promotions and public relations activities For free tickets where the passenger covers taxes and surcharges, a Fly greener reminder is provided in the prize letter	Revamp the Fly greener programme

Achieved ✓ On Plan → Off Plan !



Want to find out more? Go to our **Climate Change Factsheet**.



Want to find out more? Go to our video on the right.



Our video, **Investing in Low Carbon Fuels**.


Waste Management



Waste Management Matters

The use of material resources such as paper and wood, plastic and food in our operations is inevitable. We recognise the impacts of using and disposing of these materials, such as the shortage of landfill space in Hong Kong. Therefore we have medium to long-term programmes in place to minimise these impacts and be responsible stewards of these resources. While we were seen by our stakeholders as having improved in this area, they expect to see continued action on this urgent issue.

In particular, our staff are concerned about what they can do in the working environment, for example, flight and cabin crew wanted to see more being done to tackle inflight waste, while our ground staff wanted to see us take more proactive steps in offices and airports. This is a positive sign, as we are seeing our staff more willing to be involved in reducing our use of resources and increasing recycling and re-using where we can. This is encouraging as many of our resource and waste management initiatives can only be achieved with the support of our staff, both inflight and on the ground.

In recent years, we have received considerable attention on our use of plastics inflight – this was consistent amongst our different stakeholders – from passengers, staff and environmental organisations. We have provided a detailed section in [our factsheet](#)  on our plastic use.

Our strategy to resource use and waste management is as follows:

Identify impacts
per operational
area



Identify midterm
goals to meet our
2020 commitments




Identify solutions,
trial and then full
implementation



Monitor Progress



Updates for 2014

In the past few years, we have initiated a number of resource use and waste management initiatives with a full list detailed in the [factsheet](#) .

We are constantly examining options whereby we can reduce resource use and waste, or use materials from more sustainable sources. Below are a number of initiatives which progressed in 2014:

- All boarding passes for Cathay Pacific and Dragonair flights were switched to FSC paper. In addition, all Cathay Pacific Cargo charity calendars were produced on FSC paper.
- Waste separation at the year-end appreciation party attended by 9,000 staff and friends, where over a tonne of recyclables consisting of plastic, glass bottles and food were collected.
- Trial of a comparison tool for the purchasing of single-use plastic items (more details are provided in the Sustainable Sourcing).
- Partnering with the Hong Kong Rugby Football Union, Environmental Protection Department of the Hong Kong Government and other stakeholders to support efforts to make the Hong Kong Sevens tournament a greener "mega" sports event.
- The new 9oz plastic cup used in Economy Class is 33% lighter than the previous cup and is more elastic, durable and recyclable.

In 2014, data from our existing environment, health and safety (EHS) database (from 2009 onwards) was migrated to the new Swire Group sustainability management system, Resource Advisor (RA). The new system is web-based and will replace the previous EHS system to facilitate collecting, consolidating, analysing and reporting our environmental, social and governance (ESG) performance across the Group's diverse businesses located in different jurisdictions. It will help monitor our progress against our commitments in a more comprehensive and robust manner.

Recycling

We continued with recycling initiatives inflight as well as in the offices, covering aluminium cans, plastic bottles, cups, and glass bottles.

Recycling from inbound Cathay Pacific flights in 2014 consisted of:

- Aluminium cans: 15,243 kg [^]
- Plastic bottles: 18,592 kg [^]
- Plastic cups: 22,360 kg [^]
- Glass bottles: 524,530 kg [^]



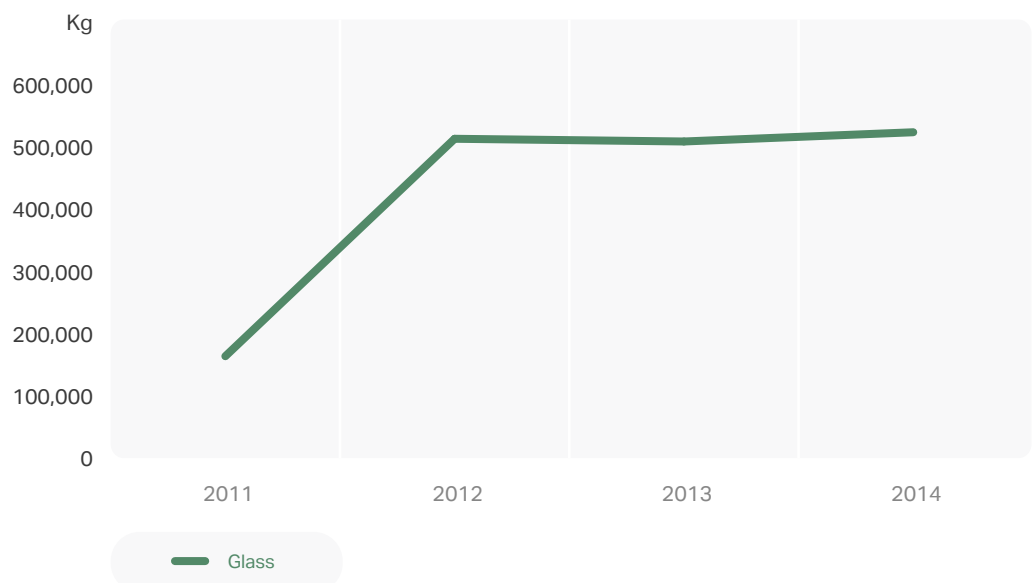
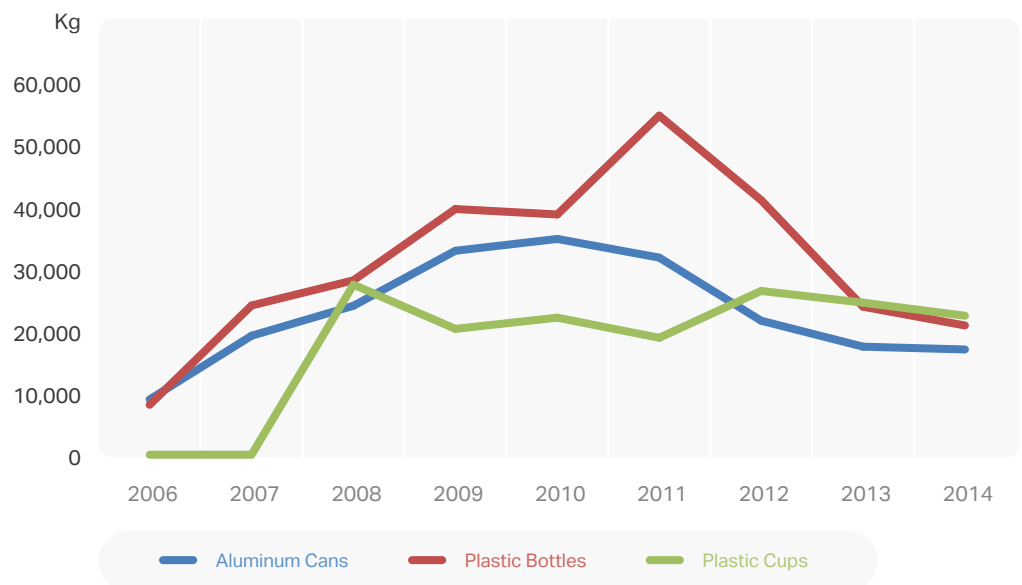


The material of the new 9oz plastic cup used in Economy Class enabled them to be recycled together with the First and Business Class plastic covers for plates and bowls.

We undertook trials with Cathay Pacific Catering Services (CPCS) in donating unopened and unconsumed tetra pack juices from inbound flights to Hong Kong to local food bank, Feeding Hong Kong.

Plastic stretch wrap is used commonly in the air freight industry to bind pieces of a shipment together and protect shipments against externalities such as weather. Cathay Pacific Services Limited (CPSL) thus commenced collection of the stretch wrap for recycling.

Inflight Waste Recycling (Kg)





Sourcing

We are aware that plastics take a very long time to degrade, we realise that it contributes to a significant amount of waste, and releases toxins into the environment. Following a review in 2012 of plastic material usage throughout our operations, we decided to focus our efforts on single use disposable items as this is an area where we believe there is potential for reductions. We are looking at using alternative packaging material instead of plastic, as well as engaging with our suppliers to reduce excessive packaging. In 2014, we piloted a simple comparison tool to inform the purchasing decision of single-use plastic items by providing more information on product sustainability. More details are provided in the Sustainable Sourcing section.

Food Waste

The Cathay Pacific Group, through Cathay Pacific Airways, Dragonair and Cathay Pacific Catering Services (CPCS), serves around 93,400 meals per day. We recognise that food waste is unavoidably created every day through our operations. We have implemented a number of measures to reduce food waste where we can, such as reusing food offcuts, recycling used cooking oil, donating surplus meat and vegetables from Cathay City to the food rescue programme Food Angel, and better flight meal planning. In 2014, we ran a trial with CPCS to donate unopened and unconsumed TetraPak juices from inbound flights to Hong Kong to a local food bank, Feeding Hong Kong. Fair Trade coffee was also served in Economy Class for the first time this year.





What Our Stakeholders Think

With the shortage of landfill space in Hong Kong, waste is a locally critical issue. It is also a very tangible aspect of our operations to our customers and staff. This is a common thread that has been highlighted in our stakeholder groups. There are positive perceptions about Cathay Pacific's performance in this area overall, but we are expected to continue to reduce waste onboard, such as tackling the use of plastic packaging; paper use in our offices; and communicating on our reuse and recycling practices, especially engaging with our passengers, cabin crew and cleaning agents. Some stakeholders have also made a link between reducing inflight waste, use of materials, resources and fuel use, in terms of weight reduction.



Our Waste Management Commitments



CX COMMITMENTS

In 2012, we launched our commitments under our [Sustainable Development Strategy](#). We committed ourselves to a number of actions that are related to *reducing our resource use and improving waste management*:

20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
Reduce the environmental impact of maintenance, repair and overhauls (MRO) carried out in Hong Kong by 50%	➔	We recognise the impacts during the maintenance of our aircraft, including from the use of chemicals, jet fuel, water and energy	Identified the key MRO impacts with our maintenance service suppliers, HAESL and HAECO	Improve efficiency of resource use by HAESL and HAECO under areas where savings can be achieved Identify and trial alternative products to reduce chemical, water and energy impacts
Reduce material usage and waste by 25%	➔	To reduce resource use and disposed waste both inflight and in our offices, as this is something our customers and staff care about	Collected information on what we use and dispose of Worked with charities to reduce the need for disposal Switched to electronic documents with eEnabled aircraft Used lighter material for inflight equipment	Identify resources where there is potential for improvement, and work with our suppliers and customers on these materials
Increase recycling by 25%	✓	To reduce the strain on resources and avoid disposing to landfill, where there is space shortage especially in Hong Kong	Introduced and increase recycling opportunities where available, e.g. glass bottles, both inflight and in our offices	Raise staff awareness and improve office recycling facilities

Achieved ✓ On Plan ➔ Off Plan !



Want to find out more? Go to our [Waste Management Factsheet](#).



Want to find out more? Go to our [video on the right](#).



Our video, **Minimising Food Waste**.

Sustainable Sourcing



Sustainable Sourcing Matters

Our suppliers are our partners – we work with over 1,000 of them globally, dealing with purchases from aircraft and fuel to office supplies and uniforms – across the 189 destinations which we serve. We envision a sustainable supply chain within the Cathay Pacific Group, and working with our suppliers is key to delivering products and services to our customers sustainably.

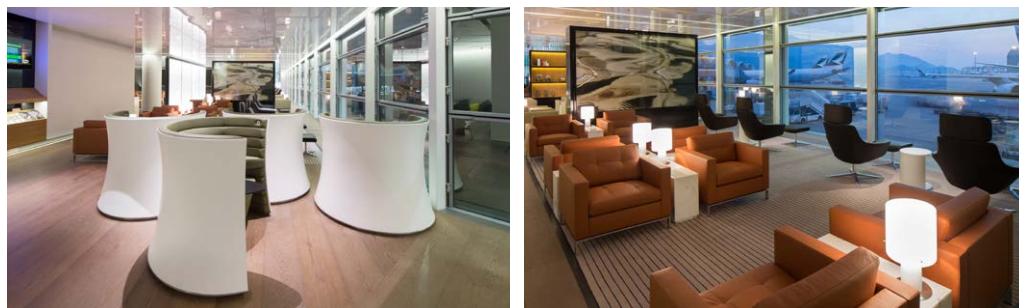
We work with our suppliers on a supply chain sustainability compliance process as part of our risk management process. Many of our suppliers are companies that also report publicly on their sustainability performance and hold similar values towards corporate responsibility as ourselves.

In order to deliver products and services that are sustainably sourced, we need to work with our suppliers. Developing a sustainable supply chain is a challenge due to the large amount of items we purchase, each with varying specifications. In some cases, we may not have leverage on all our suppliers and have limited influence on the sustainability attributes of these materials. Moreover, our specifications need to meet very strict safety standards, particularly if we are taking these items onboard. We are determined to find solutions to these challenges:

- We participate in best practice sharing sessions locally and internationally: Cathay Pacific was a member of the Swire Sustainable Purchasing Working Group between 2007 and 2014, which looks at synergies within the Swire Group in embedding sustainable purchasing practices in the Swire Pacific companies. We were a founding member of the Hong Kong Green Purchasing Charter in 2008. In 2013, we were also one of the founding participants of the inaugural Sustainable Lifestyles Working Group launched by non-profit sustainability organisation Business for Social Responsibility and sustainability communications firm Futerra.



- We trial and use alternative materials and implement these across the Cathay Pacific Group: We often assess the performance of alternative materials. Once it passes the trial phase, we implement the material across the whole Group. For example, when we decided to switch all office paper to sustainably-sourced material, we assessed different options from recycled paper to paper made from FSC sources. Since our initial purchase of sustainable office paper in 2008, currently the majority of office paper, marketing collaterals in Hong Kong, training materials, inflight magazines and team newsletters have switched to FSC or recycled paper.
- We are developing guidelines and sustainable specifications for a number of items: we developed a number of guidelines that set out the sustainable specifications we need to consider in our purchases. We now have guidelines for airport lounges, IT equipment, paper, plastic and printing. We aim to develop more guidelines to support decision-making with our purchasing team.



Sustainable Purchasing

Our purchasing practices are of the highest professional and ethical standards. Most of the purchasing requirements for both Cathay Pacific and Dragonair are managed by the Airline Purchasing & Aircraft Trading Department. In addition to our anti-bribery expectations with all our staff, we require our purchasing staff to comply with our additional anti-bribery guidelines outlined in our Purchasing Ethics Policy.

We aim to encourage our suppliers to improve on their sustainability practices through capacity building and sharing knowledge on best practices as part of our approach to sustainable procurement. Our purchasing teams understand the need to consider sustainable purchasing and responsible supply chain practices in buying decisions. We require our suppliers to provide clear, accurate and appropriate reporting of their progress in achieving our Supply Chain Sustainability Code of Conduct objectives.



Supply Chain Sustainability Code of Conduct

Since the launch of our Supply Chain Sustainability Code of Conduct in 2007, suppliers to Cathay Pacific must provide clear, accurate and appropriate reporting of their progress toward achieving our objectives contained in this Code. These include:

- Legal and regulatory compliance
- Environmental management
- No use of forced and child labour
- Appropriate compensation and working hours
- Health and safety in the workplace
- No discrimination against employees
- Upholding human rights in the workplace
- Having high ethical standards
- Extending social responsibility to their subcontractors and service providers
- Maintaining documentation and permitting our inspection

In developing and revising the Code, we took account of the International Labour Organization's core conventions and other applicable and recognised labour standards, referred and benchmarked against the United Nations Global Compact.

Timeline for Working with Our Supply Chain

2006

Identified the need for a more coordinated approach to sustainability in our supply chain

2007

Developed and launched our Code of Conduct
First questionnaires sent to Hong Kong-based suppliers

2008

Launched online tool for suppliers to complete questionnaire regarding their compliance with our Code. New suppliers are contractually committed to meeting our Code of Conduct

2009

Revised Code of Conduct to include *ethics*

2010

First publication of the Supply Chain Sustainability Newsletter distributed to local and outport suppliers
Outport-based suppliers asked to complete questionnaire for the first time

2011

Development of a framework for supply chain compliance checking

2012

The Corporate Social Responsibility Code of Conduct renamed as the Supply Chain Sustainability Code of Conduct

Sustainable Sourcing

It is our goal to ensure that we establish sustainable sourcing practices throughout our operations. We started embedding these practices by understanding the consumption of resources across different business units. To understand how we can achieve our sourcing goals, commonly procured items were identified and areas where there is potential for reduced usage were assessed. More information is provided in the [Waste Management](#) section of our report.



Updates for 2014

LEED Certification for Our Airport Lounge at Charles de Gaulle Airport, Paris

In 2014, Cathay Pacific's passenger lounge at Charles De Gaulle (CDG) Airport, Paris, was LEED® certified to the Silver level. This was consistent with our commitment to consider green standards for our new buildings and refurbishments. CDG is also the first and only airport lounge in the world that has received such certification to date.

Planning of the lounge refurbishment started in 2010, and it was officially opened in September 2012. This achievement was a result of the joint effort of different Cathay Pacific teams, the designer and contractors. It also relied on the co-operation of CDG airport, without whom, some of the LEED requirements would not have been met.



Enabling Procurement Teams to Choose More Sustainable Plastics

In 2014, we partnered with Business for Social Responsibility (BSR)'s Centre for Sustainable Procurement (CSP) to see how we can procure more sustainable container, cutlery and material for our inflight meal service products, especially single-use items. We worked with our Inflight Services, Product and Purchasing teams to modify the supplier RFP, and developed a simple comparative tool to rank the relative sustainability merits of materials proposed by suppliers based on the information those suppliers provided, thus enabling a more informed supplier selection.

Social Enterprise Products Inflight

Since 2005, through our inflight sales shop, we have been offering products that are managed by social enterprises and benefit the underprivileged. In 2013, a special section called "Shop for a Good Cause" was created in the CX inflight shop magazine, *Discover the Shop*, to support the charitable products. Similarly in 2014, the "Shop for a Good Cause" section was created in Dragonair's inflight shop magazine, *Emporium*.





What Our Stakeholders Think

The sustainability of supply chains has gained in importance in the last few years, as businesses look beyond the impacts and performance of their immediate operations. Stakeholders are increasingly looking for us to incorporate green purchasing guidelines into environmental and sustainability policies, and show a more integrated view of environmental and sustainable development management across the business value chain. We are also expected to train employees to use these sustainable procurement guidelines, and gain a deeper understanding of supplier practices.



Our Supply Chain and Procurement Commitments



CX COMMITMENTS

In 2012, we launched our commitments under our [Sustainable Development Strategy](#). We committed ourselves to a number of actions that are related to *working with our supply chain*:

20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
All CX Group-branded materials will be produced using sustainable materials	→	To ensure that CX branded materials meet not only the highest quality, but also come from sustainable and responsible sources	Adopted the paper, plastic and printing guidelines with a focus on Cathay Pacific branded products	Trial with more sustainable materials on different products
All paper, paper products and textiles offered to customers or as part of the service offering will be made of sustainable materials	→	To ensure products offered to our customers meet their sustainability expectations	Adopted the paper, plastic and printing guidelines in 2013 First class sleep suits are made from organic cotton using green manufacturing principles Trialled alternative methods to reuse old uniforms Donated old blankets and seat covers to charities	Develop guidelines on textile use Utilising alternative methods to reuse old uniforms
Engage with suppliers of inflight sales products on sustainability principles	→	To expand the reach of our Supplier Code of Conduct to include inflight sales product suppliers. Be consistent in the sustainability requirements of the products and services offered to our customers	Surveyed publicly available information of our inflight sales suppliers against our Code "Cathay Cares" and "Shop for a Good Cause" sections in the Cathay Pacific and Dragonair inflight sales magazines Discover The Shop and Emporium respectively, selling products that support communities and the environment	Further engage with these suppliers



20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
All suppliers will comply with our Supply Chain Code of Conduct	→	To ensure that we only work with suppliers that comply fully with our Code of Conduct	Developed checklists for the purchasing teams to implement the Code effectively and consistently	Develop user-friendly reference material for the purchasing teams and organise learning events to equip them Develop a process and system to effectively engage suppliers to comply with the Code
All meals served inflight and on the ground will meet sustainability criteria	→	To reduce our impacts on biodiversity	Served fish and seafood from sustainable sources on flights from Europe and North America	Develop sustainable food guidelines Identify food items that can be sourced sustainably
CX Holidays to offer at least five more ecotourism packages by 2015	→	To expand our product offering to include sustainable products	Identified ecotourism destinations and operators within the packages we currently offer	Identify further ecotourism destinations and operators
All holiday packages offered by CX Holidays will be verified for their sustainability impacts	→	To ensure sustainability impacts are considered in the packages we offer	Identified the existing sustainability criteria and standards for ecotourism	Identify the destinations and operators that offer these standards

Achieved On Plan Off Plan



Want to find out more? Go to our **Sustainable Sourcing Factsheet**.



Want to find out more? Go to our video on the right.



Our video, **Shop for a Good Cause**.

Biodiversity



Biodiversity Matters


The conservation of habitats and species diversity is important to Cathay Pacific. We recognise that we have an impact on the destinations to which we fly, and hence we continue to develop and incorporate biodiversity elements into our sustainable development strategy.

Conservation has long been a topic of concern for Cathay Pacific. For many years, we have been sponsoring habitat-protection programmes within Asia, and working with NGOs from across the region. For instance, working with Friends of the Earth, we provided funding that resulted in the planting of 10,000 tree seedlings around Hong Kong. We also raised nearly HK\$8 million from passengers to support conservation initiatives in Mainland China through The Nature Conservancy. Partnering with the Kadoorie Farm and Botanic Garden in Hong Kong, we helped reintroduce 609 endangered pig-nosed turtles to Indonesia by donating cargo space and air tickets to the organisation. Cathay Pacific will continue to direct investments in biodiversity conservation as a way to give back to the community.





It is important that our inflight meals are sustainably sourced as well. On average, Cathay Pacific and Dragonair serve 93,400 inflight meals everyday to our passengers. Therefore, by adhering to international sustainability standards, we can have a substantial positive impact on the diversity of a wide variety of ecosystems. We have already adopted a Sustainable Food Policy that does not allow the serving of a number of unsustainably produced food items, including shark fin soup, both inflight and at company-paid functions. Since 2011, we have been serving fish from sustainable sources, such as those that are Marine Stewardship Council (MSC) certified, in Economy Class on all our flights departing from Europe. We follow a similar policy for fish served in Economy Class on flights from Australian and North American ports.

To learn more about what the Cathay Pacific Group has been doing to support habitat-protection programmes and adopt a strategy that incorporates biodiversity considerations into our daily operations, go to our [Biodiversity factsheet](#) .



Updates for 2014

In line with our Sustainable Development Policy, Cathay Pacific announced in 2012 the decision to implement a restrictive cargo policy that will lead to us only carrying sustainably sourced sharks and shark-related products. In addition to the considerable weight of independent science- and research-based data which supported our decision, we believe this is the right thing to do for a company that is committed to sustainability.

In 2014, we continued to engage with the global scientific community to further review and develop guidelines in implementing our restrictive cargo policy. In particular, we engaged with the International Union for Conservation of Nature (IUCN) Shark Specialist Group (SSG) and TRAFFIC International, an NGO network that monitors wildlife trade. A workshop facilitated by the IUCN/TRAFFIC experts was conducted with specialists and NGOs to discuss key issues in this area, including providing guidance on sustainability and traceability in the supply chain. The objective was to address technical issues and develop a framework to help us identify sustainable sources of shark and shark products. We are also increasingly seeing other airlines taking proactive steps to address this issue. We will continue to work with the industry as well as the scientific community in order to develop an implementable process. This is a more challenging approach than an outright ban, but it is part of our commitment to be consistent with the principles of sustainable development.





What Our Stakeholders Think

Today, companies are increasingly expected to understand their biodiversity impact and to determine ways to protect and enhance biodiversity as part of their business operations. This means that in addition to supporting habitat-protection initiatives undertaken by third parties, we are expected to take action to reduce the impact from our daily operations. Our efforts regarding shark and shark products have particularly been viewed as a strong positive move by stakeholders.



Our Biodiversity Commitments



CX COMMITMENTS

Based on the input of our stakeholders and our strong support for reducing the negative impact of our daily operations on biodiversity, we are committed to the following actions:

20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
Develop and implement a sustainable cargo policy	→	To have a cargo policy that is in line with the principles of sustainable development	Engaged with local and international experts to identify principles and criteria for acceptance of these products Formed a framework with specialists from the IUCN and TRAFFIC International which would help us implement our policy for shark and shark products effectively	Trial the framework and communicate with our cargo ports
All meals served inflight and on the ground will meet sustainability criteria	→	To ensure our inflight meals meet best sustainability standards	Develop a list and summary of all the standards on sustainable food sources	Gradually apply the food standards list to our purchases

Achieved On Plan Off Plan



Want to find out more? Go to our **Biodiversity Factsheet**.



Want to find out more? Go to our video on the right.



Our video, **Collaborating for Biodiversity**.

Our People



Our People Matter

Our dynamic, professional, friendly and intuitive team is one of our greatest strengths and assets. We are proud of the high quality service of our staff, and are committed to providing the best possible working and career environment for them, in order to attract, develop and retain the best talent.

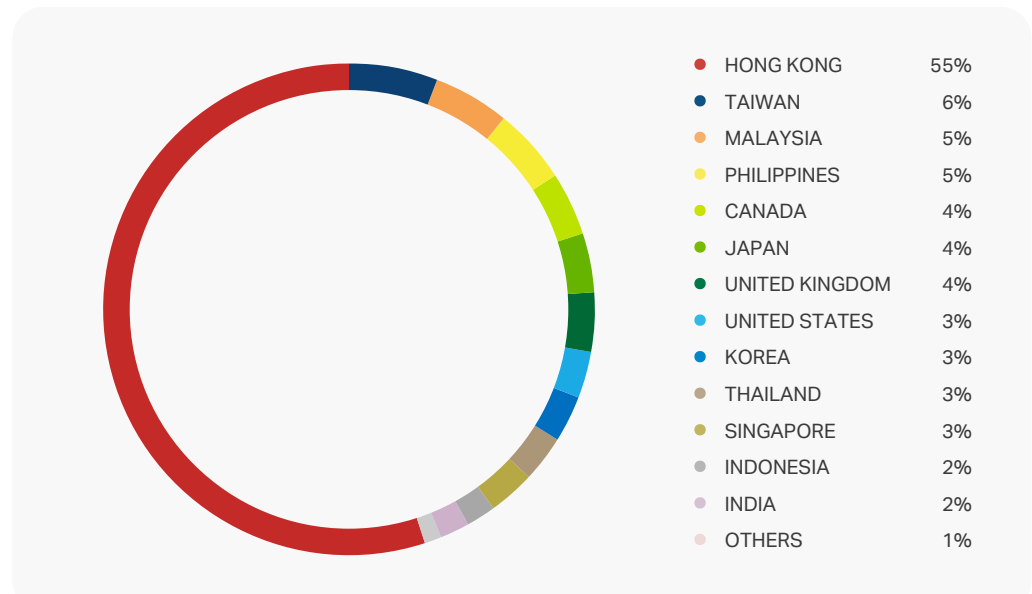
Priority on People and Continual Drive to Develop a Winning Team

We aim to ensure our staff is productive, competent and flexible, and that they operate within a healthy environment. We want to provide rewarding career opportunities by investing in our staff's professional and personal development. We do our best to show our appreciation of their highly-regarded professionalism and hardwork.

Our aim is to provide equal opportunities to individuals regardless of gender, race, national or ethnic origin, religion, cultural background, social group, disability, marital status, family status, sexual orientation, age or political opinion. We strive to manage people in a way that recognises diversity. We have also adopted formal mechanisms through which employees can make a complaint of discrimination or harassment in any form.




Cabin Crew Nationality Mix (%)



Our team is unique in that it is widely dispersed around the world and consists of highly diverse cultures, background and languages. We work with multiple trade bodies based in different countries with specific union regulations, and we uphold freedom of association for our staff. Industrial relations continue to be an important issue, however we are actively working with the various groups to continue to enhance communication and consultation to ensure views are heard and acted upon appropriately.

As a major employer supporting Hong Kong, it has been our long-standing practice to support local recruitment. If the required skills are available locally, we will give priority to the local labour market before searching internationally. Vacancies are first opened internally to the company, then to the local community, and only then, overseas. Most of our overseas hiring relates to skills or experience that is not readily available in the local labour market, such as engineering and flight crew — which is why we have extensive local engineering and flight crew training to help build these skills in Hong Kong.

To find out more about different aspects of staff relations and engagement, recruitment, training and career development, go to the [Our People factsheet](#) .






Updates for 2014

Engagement and Communication

Many different engagement programmes were run throughout the year. Below are some highlights from 2014:

All Staff

To find out our stakeholders' views on sustainability and the company, a series of surveys and interviews were conducted with external and internal stakeholder groups between November 2013 and June 2014, including an online survey that involved over 500 staff.[▲] This comprehensive exercise was conducted to form a baseline and set of metrics that would be comparable to future engagement, as well as produce findings that would be actionable.

This staff survey showed that overall, almost half of the participants believed that sustainable development mattered to the company and they tried to integrate it as part of their job, with another third feeling that they were not well-informed enough about the issues but would like to learn more. More details of the engagement exercise can be found in our [Stakeholder Engagement and Issues Materiality Factsheet](#) .

The company also carried out an Alignment and Engagement Survey (the "People Survey"), where over 6,800 ground staff from Hong Kong and the outports completed the survey. A further 7,887 front-line staff answered 20 questions relating to engagement as part of their own climate surveys. Over 3,000 comments were made on the open-ended questions.

The responses of this survey were generally positive. Most people were proud to be working for the company and keen to make the business successful. The 2014 survey showed a number of issues that needed to be addressed. These included better communication of the company strategy and regular progress reports; better communication of the information technology (IT) strategy and why it was necessary to spend on modern infrastructure and new systems; and how to recognise, reward and retain high-performing staff.





Flight Crew

We maintained a number of communication channels with our pilots to provide both technical and personal support, as well as information dissemination. These included forums and auditorium sessions. In addition, the Flight Operations Department conducted the first survey among the flight crew community, which would pave the way for a larger long-term engagement strategy.

Cathay Pacific continued negotiations with the Hong Kong Aircrew Officers Association (HKAOA) on various matters. In Australia, we continued working towards our first Enterprise Agreement. At Dragonair, work continued in a positive and meaningful dialogue with various agreements being signed with our Dragonair Pilots Association. On the pay front, a three-year deal for our cockpit crew was signed following our discussions with the Union. Our crew member representatives worked closely with Dragonair on different Committees to provide feedback on various fronts, including meal selections, hotels, rostering and scheduling.





Cabin Crew

Cathay Pacific

In 2014, surveys for all staff groups were restructured and consolidated into the company's Alignment and Engagement Survey, into which the cabin crew-specific survey was also integrated. More than 4,000 cabin crew, which comprised 43% of the crew community, responded to the Engagement questions. Reward and recognition, work conditions and roster-related issues have been identified as areas for the management team to look into.

In recognition of our large and expanding inflight team and increasingly complex service environment, we continued with a number of ongoing initiatives with the aim of meeting crew requirements and to better cater for their needs. These include support in the areas of lifestyle and rostering, on the job support and recognition.

Dragonair

The Dragonair Cabin Crew Engagement Survey was conducted in 2014 to find out what our cabin crew thought about their work. In particular, we sought comments on areas such as annual leave, flying options and career development opportunities.

To facilitate communication and engagement, Dragonair also hosted regular crew forums and appreciation dinners both in Hong Kong and Shanghai.

A monthly Rostering Focus Group was set up in 2014 where crew can discuss roster issues freely. In addition to helping the company better support our crew and allowing group members to gain a better understanding of crew rostering functions, the focus group also provided management with insights into the crew community's diverse thoughts on this issue.





Recruitment

A total of 1,606 flight crew, cabin crew and ground staff in both Cathay Pacific and Dragonair were recruited in 2014 to support the expansion of our business. This included 386 new joiners to the Dragonair cabin crew team, which was a record high since the establishment of the airline in 1985.

This year, Cathay Pacific started our first IT Graduate Trainee programme with 10 graduates chosen from more than 450 applicants. They are going through the two-year programme developing IT skills and receiving mentorship from leading IT professionals.

Training and Development

In 2014, induction training was conducted with 1,109 new Cathay Pacific cabin crew recruits, and more than 700 cabin crew went through promotion training. Throughout the year, over 200 refresher training classes on Disability Awareness and Occupational Health and Safety were conducted for all cabin crew. We also provided a series of workshops for voluntary personal development.

To ensure our crew is well-prepared for the new aircraft retrofits, the A33R and A320 mock ups were refurbished for Dragonair in 2013 and 2014. The inflight service mock up cabins were upgraded with new seats, communication systems and onboard facilities.

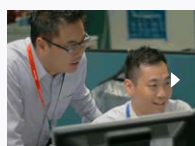
In 2014, 30 new mentors participated in the Dragonair Mentor Development Workshop with a vision of becoming an effective mentor for their cabin crew peers. In addition to mindset and skills-in-career mentoring, the workshop also provided techniques in exploring life interest, overcoming stress and communicating with different generations. More than 120 mentees benefited from the programme this year.





Stakeholder Views

Our staff have emphasised the need for targeted, proactive and ongoing communication with them. Sustainability messages should be integrated into this communication, utilising training platforms for different staff groups. Staff would also like a stronger connection and opportunities for a two-way exchange with management.



Careers on the Ground – Professional.



Hanson Lau, Technical Services Engineer, "A Day in the Life of an Engineer"



Richard Clausen, Senior First Officer, Cathay Pacific "A Day in the Life of a Pilot"



Meet our Cadets and Pilots.



Sonia Kwan, Cabin Crew at Cathay Pacific, highlights some of the training she receives as a cabin crew and what she enjoyed most about her job.



Kidipop Li, Cabin Crew at Cathay Pacific, describes the different things he learns about safety and service and how he enjoys lifestyle of being a cabin crew.



Careers on the Ground – Customer Services at Hong Kong International Airport



Joe Locandro, IT Director



Want to find out more? Go to our **Our People Factsheet**.



Want to find out more? Go to our video on the right.

About this Report

Overview

Welcome to our 6th Sustainable Development Report. It follows our sustainability journey in 2014 – both achievements and challenges, which is presented in different formats to suit the needs of different stakeholders:

- as summaries and updates of the key issues on the main pages of the website, for those who want a quick glance;
- as downloadable pdf Factsheets, designed for those who would like more in-depth data, information and stories; and
- as videos, where our staff tell their personal stories that demonstrate how they have made sustainability relevant in their day-to-day job.

A summary leaflet in both English and Chinese will be published together with this online report. These are downloadable from the website.

Why Do We Report?

Our reporting has evolved since 1996, the first year we launched our Environmental Report, but our commitment to transparency and accountability remains unchanged.

We publish our Sustainable Development Report yearly to:

- Disclose our sustainability performance in a transparent, accountable and clear manner;
- Engage with our stakeholders on sustainability issues that are material to our business so we can address them effectively and appropriately; and
- Discuss the challenges and setbacks we face as a company in progressing along this sustainable journey, learn how to overcome them, and how we are approaching them in our governance, environmental and societal practices.



Stakeholder Review Committee

Overview

Since 2010, Cathay Pacific has been inviting a multi-stakeholder panel to provide external input regarding our stated performance against our Sustainable Development Strategy, and also review and assess the balance, completeness and responsiveness of our Sustainable Development Reports. This year, the Panel comprises:



Kalmond Ma
Executive Director,
Hong Kong
Make a Wish



Wai-shin Chan
Director – Climate Change
Strategy, Asia Pacific
HSBC Investment
Research



Sophia Mendhelson
Head of Sustainability
JetBlue



Simon Ng
Chief Research Officer
Civic Exchange



Mark Devadason
Group Head of
Sustainability
Standard Chartered Bank

The Stakeholder Review Panel convened once via an in-person and conference call focus group meeting to review draft report content including key 2014 progress updates.

The Panel considered:

- The appropriate coverage of issues and the materiality of those issues (existing and emerging) for Cathay Pacific and its stakeholders;
- The responsiveness of the report in terms of addressing stakeholder concerns; and
- Improvements that Cathay Pacific could make in this and future reports, as well as overall communications and engagement around sustainable development.



We would like to express our appreciation to the Panel for their time and invaluable feedback on our report.



STAKEHOLDER REVIEW PANEL STATEMENT

We welcome Cathay Pacific's invitation to be involved in this year's Stakeholder Review Panel for their Sustainable Development Report 2014. This exercise demonstrates an advanced approach to stakeholder engagement and provides the opportunity to share external input around the organisation's performance and communications related to its Sustainable Development Strategy.

Overall, the Panel perceives Cathay Pacific to be a local leader for its sustainable development commitments, performance and reporting efforts, and also among the leading global organisations within the aviation industry. This is demonstrated through its integrated approach to objectively addressing issues that are material to the business, authentic openness for collaboration within the industry, and a transparent approach to reporting communications. The 20 sustainable development commitments that Cathay Pacific intends to achieve by 2020 also demonstrates integration and accountability across the organisation.

For these reasons, the Panel would encourage Cathay Pacific to further leverage its sphere of influence to incite and enable greater impact amongst its peers and stakeholders. This effort starts with meaningful engagement around its sustainable development strategy and reporting, and will ultimately deepen impacts and foster cross-sector collaboration, working towards community ownership and sustainable actions.

With regard to the 2014 report and future reporting efforts, while the issue-based approach enables readers to effectively access the information they seek out, we would like to encourage Cathay Pacific to further consider and share more information on the following:

- More visual year-over-year progress summaries against 20/20 commitments to build on current approach and show the journey for each year's achievements
- A journey towards integrated reporting, leveraging internal insights from Swire experience
- Communicating to and engaging with customers and wider stakeholder base more directly, for example via communications on customer-facing website and in-air entertainment

We commend Cathay Pacific for its approach sustainable development reporting and stakeholder engagement, which demonstrates openness and integrity.

Stakeholder Review Panel

Cathay Pacific Sustainable Development Report 2014

Note:

The views expressed here are based on individual perceptions and do not necessarily represent those of their respective organisations.



Independent Assurance Statement

We have engaged PricewaterhouseCoopers Limited to perform an independent limited assurance of the report. The assurance scope and statement is provided below. Selected subject matter that has been verified are marked with a "▲".



羅兵咸永道

Independent practitioner's limited assurance report To the board of directors of Cathay Pacific Airways Limited

We have undertaken a limited assurance engagement in respect of the selected sustainability information of Cathay Pacific Airways Limited (the "Company") listed below and identified with a ▲ in the Company's sustainability development report for the year ended 31 December 2014 ("the Sustainability Development Report 2014, SDR2014") (the "Identified Sustainability Information").

Identified Sustainability Information

The Identified Sustainability Information for the year ended 31 December 2014 is summarised below:

1) Greenhouse Gases (GHG) emissions data

<u>Aircraft operations</u>	<u>Unit of measure</u>
• Carbon Dioxide (CO ₂)	Tonnes
<u>Other operations</u>	<u>Unit of measure</u>
• CO ₂ emission from electricity	Tonnes
• CO ₂ emission from ground vehicles	Tonnes
• CO ₂ emission from town gas	Tonnes

The GHG emissions data organisational and operational boundaries are defined as follows:

- Aviation fuel (global usage) for Cathay Pacific Airways Limited, Dragonair and Air Hong Kong.
- Other emission sources including purchased electricity, purchased town gas and fuel for ground vehicles for Cathay Pacific Airways Limited, Hong Kong Dragon Airlines Limited, Cathay Holidays Limited, Cathay Pacific Catering Services Limited, Cathay Pacific Services Limited, Hong Kong Airport Services Limited, and Vogue Laundry Service Limited.

2) Selected quantitative and qualitative data

- The mathematical accuracy of the grammes/ATK and grammes/ RTK computation for 2014(to be used by CX to determine fuel efficiency).
- Outcome of the FLY greener programme in 2014:
 - (i) the total number of offsets for staff travelling on business, and
 - (ii) the total number of offsets bought by passengers.
- Weight of recycled material from inbound Hong Kong Cathay Pacific flights:
 - Aluminium cans (kg)
 - Plastic cups (kg)
 - Plastic bottles (kg)
 - Glass bottles (kg)
- Amount of recycled material from Cathay Pacific City and Dragonair House:
 - Paper and cardboard (kg)
 - Aluminium cans (kg)
 - Plastic (kg)
 - Printer cartridges (pieces) (Note: Cathay Pacific City and Dragonair House combined figure)

PricewaterhouseCoopers Limited, 22/F, Prince's Building, Central, Hong Kong
T: (852) 2289 8888, F: (852) 2810 9888, www.pwchk.com



羅兵咸永道

- Data regarding the English on Air (EOA) Programme during the 2013/2014 academic year: “A total of 126 students from five schools in Tung Chung participated in the English on Air programme during the 2013/2014 academic year.”
- Two other qualitative statements made in the SD Report:
 - Sustainable Cargo workshop: “A workshop facilitated by the IUCN/TRAFFIC experts was conducted with specialists and NGOs to discuss key issues in this area, including providing guidance on sustainability and traceability in the supply chain.”
 - Results of stakeholder engagement: “Between November 2013 and June 2014, a series of surveys and interviews on sustainability were conducted with external and internal stakeholder groups, including an online staff survey that involved over 500 employees.”

Our assurance was with respect to the year ended 31 December 2014 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2014 sustainability report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company to prepare the Identified Sustainability Information is set out under the heading “Reporting Methodology” in the section “About this Report” of the SDR 2014 at www.cathaypacific.com/sdreport (the “Criteria”).

The Company's Responsibility for the Identified Sustainability Information

The Company is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on



羅兵咸永道

Assurance Engagements 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Made enquiries of relevant management of Cathay;
- Understood the process for collecting and reporting the Selected Subject Matter;
- Undertook analytical procedures over the Selected Subject Matter;
- Performed limited substantive testing on a selective basis of the Selected Subject Matter;
- Considered the disclosure and presentation of the Selected Subject Matter.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Information for the year ended December 31, 2014 is not prepared, in all material respects, in accordance with the Criteria.

Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

For and on behalf of PricewaterhouseCoopers Limited

John Barnes
Partner

27 August 2015



Global Reporting Initiative

The content and quality of the information in our report is guided by the GRI G4 Guidelines 'in accordance option' Core reporting guidelines, which were released in 2014.

GRI G4 Content Index¹

The table [here](#) sets out the locations of where the relevant information or data can be found in this SD Report. In preparation for improving future reporting and disclosure, comparable key performance indicators (KPIs) from the following have also been included for ease of reference:

- Indicators recommended under the Hong Kong Stock Exchange Environmental Social and Governance (ESG) guidelines.

(1) GRI G4 Materiality Disclosure: G4-22



Reporting Methodology

This report covers the 2014 calendar year.

How We Report

The content of this report has been defined by a process of:

- internal and external stakeholder engagement led by an external, independent facilitator;
- identification of priority areas set out by aviation industry associations and the use of a materiality matrix;
- reference to the Global Reporting Initiative (GRI) reporting framework version 4.0 and the AA1000 Accountability standard; and
- benchmarking against other airlines and international companies.

Measuring Our Performance

We continue to report on progress against our 20 commitments under the Sustainable Development Strategy

Reporting Tools

To avoid ambiguity, definitions of each parameter are communicated across the Cathay Pacific Group to ensure the quality and consistency of reporting. Data is collated via Swire's new sustainability management system, Resource Advisor, a database for our operations in Hong Kong covering Cathay Pacific, Dragonair, 100% owned and 60% owned Hong Kong-based subsidiaries. Cathay Holidays Limited and outports reported separately via questionnaires. The new system facilitates collecting, consolidating, analysing and reporting our environmental, social and governance (ESG) performance across the Group's diverse businesses located in different jurisdictions.



GHG Emissions Accounting and Reporting Policies

The inventory of our greenhouse gas ("GHG") emissions is reported in accordance with the World Resources Institute and World Business Council on Sustainable Development's Greenhouse Gas Protocol (2004, Revised Editions).

Organisational boundaries

The Cathay Pacific Group reported the greenhouse gas emissions of each of its subsidiaries below in proportion to their ownership percentage. The organisational boundaries for the reporting of greenhouse gas emissions include Cathay Pacific Airways and the following 100% and 60% owned Hong Kong-based companies (the "subsidiaries"):

- Hong Kong Dragon Airlines Limited (KA)
- Cathay Holidays Limited (CHL)
- Cathay Pacific Catering Services (H.K.) Limited (CPCS)
- Cathay Pacific Services Limited (CPSL)
- Hong Kong Airport Services Limited (HAS)
- Vogue Laundry Service Limited (VLS)
- AHK Air Hong Kong Limited (AHK) (60% owned)

Cathay Pacific Services Limited, our wholly-owned subsidiary established to operate the Cathay Pacific Cargo Terminal, is included in this report for the first time.

Other principal subsidiaries and associates, as outlined on pages 96 to 97 of the Cathay Pacific Group 2014 Annual Report that are not included within the scope of this report, will be considered for inclusion in the future.

Operational boundaries

The operational boundaries for the reporting of greenhouse gas emissions are as follows:

- Scope 1 – Direct GHG emission, including global CO₂ emissions from flights, ground vehicles and Towngas combustion
- Scope 2 – Electricity and Towngas (production) indirect GHG emissions

The reporting period of the GHG data is the twelve-month period of 1 January to 31 December 2014. The year 2009 has been used as the base year for comparing the emissions profile of our flights in line with our 20/20 commitments. However, we continue to provide information from 1998 to ensure consistency with our previous reporting. Please note there have been changes in organisation and operational boundaries over the years which may impact comparability.



Scope 1 Emissions

Scope 1 emissions include fuel and Towngas usage from ground-based activities in Hong Kong covering Cathay Pacific and the subsidiaries. In Hong Kong, the CO₂ emission factors used follow the guidelines published by the Environmental Protection Department (EPD) of the Hong Kong Special Administrative Region (HK SAR) Government in February 2010¹. For CO₂ emission factors for outport data, references have been made to the International Energy Agency (2010)².

In respect of our GHG emissions from aircraft fuel consumption, our scope includes all flight activities, including testing, training flights, dry lease and wet lease. As fuel density varies according to a number of factors, we use the Joint Inspection Group's³ recommended specific gravity of 0.80 kg/L to calculate the weight of fuel. We use the IPCC's emission factor of 3.154 to determine CO₂ emissions from the combustion of aircraft fuel.

Scope 2 Emissions

Our scope includes electricity consumption and Towngas production for our operations in Hong Kong covering Cathay Pacific and the subsidiaries. Emission factors used in our scope follow the guidelines published by the EPD of the HK SAR Government in February 2010 and the International Energy Agency (2010).

For GHGs, other than CO₂, others including CH₄, N₂O, PFCs and SFs are either not applicable or not material to the overall GHG reporting.

Towngas is also used in the Cathay Pacific canteen. As this is operated by a third party, consistent with the previous year, it is specifically excluded.

Methodologies used to calculate or measure emissions

Refer to [Endnote References](#).

Other Indicators

Environmental indicators

The scope of this year's reported resource usage includes operations in Hong Kong covering Cathay Pacific, the 100% and 60% owned subsidiaries, energy consumption and greenhouse gas data from four outports (Auckland, Taipei, Manila and San Francisco) and non-GHG data from five outports (Frankfurt, Paris, Karachi, Kuala Lumpur and Sydney) which were able to provide auditable numbers. We will continue to work on increasing the scope to cover all major outports in future reports.

Social indicators

Operations in Hong Kong covering Cathay Pacific and the 100% and 60% owned subsidiaries are included on the Social Indicators table.



GRI Content Index

The GRI Content Index is prepared with reference to the GRI G4 Guidelines 'in accordance option' Core. The GRI Content Index does not reflect actual implementation of CX's sustainable development initiatives nor the value or quality of the report and its content.

Other Matters

FLY greener Offsets

FLY greener offsets are calculated as the tonnes of CO₂ purchased by all passengers (including staff), using either cash or Air Miles as a method of payment. One tonne of CO₂ had a cash price of HK\$24.71 in 2014. The average Air Miles price was 609 Air Miles per tonne of CO₂ during the year ended 31 December 2014. The total tonnage was computed based on the amount paid during the year. Cash received during the year related to flights taken in 2013.

Fuel efficiency

Fuel efficiency is calculated as fuel usage per available tonne kilometre (ATK). ATK is defined in the Cathay Pacific Airways Limited Annual Report 2014 as overall capacity, measured in tonnes available for the carriage of passengers, excess baggage, cargo and mail on each sector multiplied by the sector distance.

RTK is defined as traffic volume, measured in load tonnes from the carriage of passengers, excess baggage, cargo and mail on each sector multiplied by the sector distance.

The fuel consumption figure shown on the Environmental Indicators Table only includes Cathay Pacific and Dragonair for comparability with last year's report.

ATK of 26,259 million and RTK of 20,722 million used in this calculation are taken from the Cathay Pacific Airways Limited Annual Report 2014.

Recycled materials

In 2014, materials recycled from inbound flights to Hong Kong include plastic cups; plastic bottles; aluminium cans; and glass bottles. Materials recycled by the Cathay Pacific Airways and 100% owned subsidiaries include paper and cardboard, plastics, aluminium cans, waste lubrication oil, glass bottles and printer cartridges from Cathay Pacific City; and paper and cardboard, aluminium cans, plastic and printer cartridges from Dragonair House. The amount of recycled materials refers to those recorded in either recycling vendor invoices or internal tracking records.

English on Air

English on Air is an educational programme which involves English-speaking Cathay Pacific staff volunteers from a wide variety of nationalities and backgrounds who encourage local students to speak English. Participating students are invited to Cathay Pacific City to meet and chat with volunteers during English-speaking sessions.



London Benchmarking Group

The London Benchmarking Group model is used by companies to assess and report on the value and achievements of their corporate community investment. It takes the form of a matrix that helps to summarise, and quantify, the achievements of a community activity. It breaks down the elements of the activity, detailing the different inputs, then going on to establish the outputs and, eventually, the impacts that these have achieved.

We evaluated the effectiveness of our English on Air activities run during the academic year 2013/2014 with reference to the London Benchmarking Group model. We developed questionnaires covering the areas indicated below and conducted surveys with the participating students and teachers in order to develop a scorecard of these areas.

- Leverage company resources
- English opportunities
- Increase confidence
- School partnership
- Awareness of aviation and Cathay Pacific Airways

Materiality matrix

The materiality matrix plots our corporate social responsibilities issues in two dimensions: the importance of the issue to our stakeholders and the impact of the issue to Cathay Pacific. In order to develop this, we have been engaging with a third party consultant since 2006 to perform focus groups and interviews within selected groups of stakeholders, chosen by Cathay Pacific and the third party consultant. Previously, the selected stakeholder groups provided comments and ratings on different areas, including emerging issues facing the airline industry, perceptions on the current corporate social responsibility (CSR) performance of CX and Dragonair and the expected response from CX, our reporting priorities, the stakeholder engagement approach taken by CX, and their views on CX's Sustainable Development Strategy.

With these comments and rating, we summarised stakeholders' concerns into material issues. For each of the material issues, we evaluated the impact of the issue to CX and produced a materiality matrix, which helps to structure our Sustainable Development Report for the year ended 31 December 2014.

Following the end of our five-year stakeholder engagement strategy in 2012, we carried out a comprehensive survey in 2013/2014. The objectives of this exercise were to create a baseline and a set of metrics on the following:

Measure stakeholder familiarity with CX initiatives and performance

- Assess stakeholder perceptions
- Identify material issues for CX
- Determine stakeholder expectations
- Evaluate CX strength and weakness

The other objective is to develop actions based on these research findings.

Note:

- ¹ Environmental Protection Department. (2010, February). Guidelines To Account For And Report On Greenhouse Gas Emissions And Removals For Buildings In Hong Kong. Retrieved from http://www.epd.gov.hk/epd/english/climate_change/ca_guidelines.html.
- ² International Energy Agency (2010). CO₂ Emissions from Fuel Combustion – Highlights. Summary Table: CO₂ emissions per kWh from electricity and heat. IEA.
- ³ Formed by international oil companies, the Joint Inspection Group performs regular inspections of their airport facilities to ensure that they are operated in accordance with their procedures for handling aviation fuel at airports and upstream aviation fuel facilities.
- ⁴ IPCC. (1999). Aviation and the Global Atmosphere. Cambridge: Cambridge University Press.



Abbreviations and Glossary

Some Commonly Used Abbreviations in this Report

AAHK	Airport Authority Hong Kong
AAIB	Air Accidents Investigation Branch
AFRA	Aircraft Fleet Recycling Association
AFTLS	Approved Flight Time Limitations Scheme
AHK	Air Hong Kong
ALARP	As Low As Reasonably Practical
ANSP	Air Navigation Service Providers
AOA	Aircrew Officers Association
ASRC	Airline Safety Review Committee
ASR-F	Air Safety Report – Fatigue
ATDC	Airports Training and Development Centre
ATK	Available Tonne Kilometre
BAQ	Better Air Quality
BSRC	Board Safety Review Committee
CAD	Civil Aviation Department
CCBF	Climate Change Business Forum
CCC	Customer & Commercial Control
CCF	Cathay Pacific Charitable Fund
CCNL	Cabin Crew Newsletters
CCST	Cabin Crew Support Team
CCTF	Climate Change Task Force
CE	Chief Executive
CEPIC	Cathay Emergency Passengers Information Centre
CLG	The Prince of Wales's Corporate Leaders Group on Climate Change
CNG	Carbon Neutral Growth
CO ₂	Carbon Dioxide
COO	Chief Operating Officer
CPCS	Cathay Pacific Catering Services
CPSL	Cathay Pacific Services Limited
CSAG	Cabin Safety Action Group
CSD	Corporate Safety Department
CSR	Cabin Safety Reports
CSR	Corporate Social Responsibility
CX	Cathay Pacific
CX City	Cathay Pacific City
DCGO	Director Cargo
DFO	Director of Flight Operations
DLR	German Aerospace Centre
DPA	Dragonair Pilots Association
DSD	Director Service Delivery



Some Commonly Used Abbreviations in this Report

EAP	Employee Assistant Programme
e-AWB	Electronic airway bill
EIA	Environmental Impact Assessment
EMS	Environmental Management System
ENG	Engineering
EPFL	Swiss Federal Institute of Technology in Lausanne
EU ETS	European Union Emissions Trading Scheme
EU	European Union
FAU	Flight Attendants' Union
FDAP	Flight Data Analysis Program
FOP	Flight Operations
FRMS	Fatigue Risk Management System
FSC	Forestry Stewardship Council
FTE	Full Time Equivalents
GHG	Greenhouse Gas
GISS	Goddard Institute of Space Studies
GMCS	General Manager Corporate Safety
GRI	Global Reporting Initiative
GSE	Ground Support Equipment
GSR	Ground Safety Reports
HAS	Hong Kong Airport Services
HIMS	Human Intervention and Motivation System
HKIA	Hong Kong International Airport
IAGOS	In-service Aircraft for a Global Observing System
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
IEA	International Energy Agency
IMT	Information Management and Technology
INED	Independent Non-executive Director
INSPIRE	Indian Ocean Strategy Partnership to Reduce Emissions
IOC	Integrated Operations Centre
IPCC	Intergovernmental Panel on Climate Change
IRF	Injury Report Form
ISD	Inflight Services Department
ISM	Inflight Service Manager
KA	Dragonair
KPI	Key Performance Indicators
LBG	London Benchmarking Group
LEED	Leadership in Energy and Environmental Design
LOSA	Line Operational Safety Audit
LTIFR	Lost Time Injury Frequency Rate



Some Commonly Used Abbreviations in this Report

MANCOM	Management Committee
MRO	Maintenance, Repair and Overhaul Process
MSC	Marine Stewardship Council
MSQD	Engineering Reports on Maintenance, Safety, Quality and Defects
NASA	National Aeronautics and Space Administration
NED	Non-executive Director
NGO	Non-governmental Organisation
NOx	Oxides of Nitrogen
OHS	Occupational Health & Safety
OIWA	Outlying Islands Women's Association
ORSAG	Operations Ramp Safety Action Group
RIS	Risk Index Score
RSB	Roundtable for Sustainable Biofuels
RTK	Revenue Tonne Kilometre
RVSM	Reduced Vertical Separation Minimum
SAFUG	Sustainable Aviation Fuel Users Group
SAG	Safety Action Groups
SD	Sustainable Development
SMS	Safety Management System
SPI	Safety Performance Indicator
UNICEF	United Nations International Children's Emergency Fund
VCS	Voluntary Carbon Standard
VLS	Vogue Laundry Services Limited
WBCSD	World Business Council on Sustainable Development
WEL	Work-Life Enhancement Leave
WWF	World Wildlife Fund for Nature



Acknowledgements

We wish to thank Edelman Hong Kong and Sedgwick Richardson for their assistance in the development and preparation of this report.

Our principle subsidiaries based in Hong Kong



air Hongkong

60% owned by Cathay Pacific



FTSE Group confirms that Cathay Pacific Airways Limited has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.



Video Gallery

Sustaining a Life Well Travelled

Cathay Pacific is driving towards becoming a sustainable airline by empowering our staff to integrate sustainability into their everyday work.

View from the Top



Sustaining a Life Well Travelled



Working Toward a Sustainable Future



Stories from Our People

The videos below are stories told by Cathay Pacific people on how they have integrated sustainability elements into their personal day-to-day job.

Safety



Safe Carriage of Lithium Batteries

Climate Change



Investing in Low Carbon Fuels

Waste Management



Minimising Food Waste

Sustainable Sourcing



Shop for a Good Cause

Biodiversity

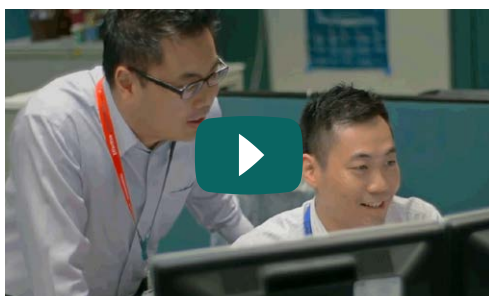


Collaborating for Biodiversity



Our People

Meet our staff from different positions and sections of the company, and hear them talk about what it is like working at Cathay Pacific.



Careers on the Ground – Professional



A Day in The Life of an Engineer



A Day in The Life of a Pilot



Meet our Cadets and Pilots



**Cabin Crew at Cathay Pacific –
Sonia Kwan**



**Cabin Crew at Cathay Pacific –
Kidipop Li**



**Careers on the Ground –
Customer Services at Hong Kong
International Airport**



Inside IT at Cathay Pacific



PDF Download

Factsheets 2014

[Governance of Sustainability](#) 

[Stakeholder Engagement and Issues Materiality](#) 

[Community Investment](#) 

[Safety](#) 

[Climate Change](#) 

[Waste Management](#) 

[Sustainable Sourcing](#) 

[Biodiversity](#) 

[Our People](#) 





Investor Relations Materials

This section provides quick links to the materials in the Report that are of particular interest to the investment community.

Performance Tables and Graphs

- [2014 GHG Emissions \(tCO₂e\) Scope 1 and Scope 2 Table](#)
- [2014 Global CO₂ Emissions](#)
- [Cathay Pacific Group Fleet](#)
- [Environmental Indicators Table](#)
- [Social Indicators Table](#)
- [Economic Value Added Table](#)
- [20/20 Commitments and Progress](#)

Governance and the CX Group

- [Governance of Sustainability Factsheet](#) 
- [Group Fleet Profile](#)
- [CX Annual Report 2014](#) 

GRI G4 Content Index

- [GRI G4 Content Index](#) 



Report Archive

Report 2013



[downloadscathaypacific.com/
cx/aboutus/sd/2013/](http://downloadscathaypacific.com/cx/aboutus/sd/2013/)

Report 2012



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cx/aboutus/sd/2012/](http://downloadscathaypacific.com/cx/aboutus/sd/2012/)

Report 2011



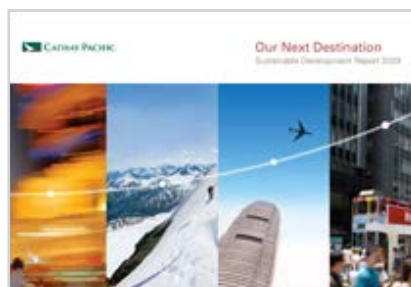
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Report 2010



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Report 2008



Report 2007



Report 2006



Report 2005



Report 2004



Report 2003

